



Dave Yost • Auditor of State

VILLAGE OF BATAVIA
CLERMONT COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Batavia
Clermont County
65 N. Second St.
Batavia, Ohio 45103

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Batavia, Clermont County, Ohio (the Village) as of and for the years ended December 31, 2017 and 2016.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2017 and 2016, and the respective changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Batavia, Clermont County as of December 31, 2017 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2018, on our consideration of the Village'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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 Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

August 30, 2018

VILLAGE OF BATAVIA
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts					
Property and Other Taxes	\$67,372	\$34,880	\$0	\$0	\$102,252
Municipal Income Tax	1,456,089	0	0	0	1,456,089
Intergovernmental	348,076	66,970	0	0	415,046
Special Assessments	0	0	16,773	2,693	19,466
Charges for Services	126	0	0	0	126
Fines, Licenses and Permits	23,879	9,393	0	0	33,272
Earnings on Investments	2,939	225	0	0	3,164
Miscellaneous	3,596	5,318	0	0	8,914
<i>Total Cash Receipts</i>	<u>1,902,077</u>	<u>116,786</u>	<u>16,773</u>	<u>2,693</u>	<u>2,038,329</u>
Cash Disbursements					
Current:					
Security of Persons & Property	509,709	3,790	0	0	513,499
Public Health Services	21,507	0	0	0	21,507
Community Environment	0	3,524	0	0	3,524
Basic Utility Services	0	0	0	70,000	70,000
Transportation	0	389,358	0	0	389,358
General Government	516,599	0	0	0	516,599
Capital Outlay	969,999	0	0	400	970,399
Debt Service:					
Principal Retirement	400,000	0	15,000	158,802	573,802
Interest and Fiscal Charges	7,978	0	6,943	83,551	98,472
<i>Total Cash Disbursements</i>	<u>2,425,792</u>	<u>396,672</u>	<u>21,943</u>	<u>312,753</u>	<u>3,157,160</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(523,715)</u>	<u>(279,886)</u>	<u>(5,170)</u>	<u>(310,060)</u>	<u>(1,118,831)</u>
Other Financing Receipts (Disbursements)					
Sale of Bonds	400,001	0	0	0	400,001
Transfers In	22,436	240,000	0	350,000	612,436
Transfers Out	(590,000)	(17,305)	(5,131)	0	(612,436)
Other Financing Sources	2,524	1,179	0	0	3,703
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(165,039)</u>	<u>223,874</u>	<u>(5,131)</u>	<u>350,000</u>	<u>403,704</u>
<i>Net Change in Fund Cash Balances</i>	<u>(688,754)</u>	<u>(56,012)</u>	<u>(10,301)</u>	<u>39,940</u>	<u>(715,127)</u>
<i>Fund Cash Balances, January 1</i>	<u>\$1,538,542</u>	<u>\$286,007</u>	<u>\$24,848</u>	<u>\$87,156</u>	<u>\$1,936,553</u>
Fund Cash Balances, December 31					
Restricted	0	229,995	14,547	127,096	371,638
Unassigned (Deficit)	849,788	0	0	0	849,788
<i>Fund Cash Balances, December 31</i>	<u>849,788</u>	<u>229,995</u>	<u>14,547</u>	<u>127,096</u>	<u>1,221,426</u>

See accompanying notes to the Financial Statements

VILLAGE OF BATAVIA
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)
All Enterprise Funds
For the Year Ended December 31, 2017

Operating Cash Receipts	
Charges for Services	\$707,930
<i>Total Operating Cash Receipts</i>	<u>707,930</u>
Operating Cash Disbursements	
Personal Services	54,772
Fringe Benefits	11,071
Contractual Services	220,082
Other	502,060
<i>Total Operating Cash Disbursements</i>	<u>787,985</u>
<i>Operating Income (Loss)</i>	<u>(80,055)</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental	12,845
Special Assessments	500
Principal Retirement	(36,386)
Interest and Other Fiscal Charges	(1,162)
Other Financing Sources	60,536
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>36,333</u>
<i>Net Change in Fund Cash Balance</i>	<u>(43,722)</u>
<i>Fund Cash Balances, January 1</i>	<u>\$497,117</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$453,395</u></u>

See Accompanying Notes to the Financial Statements

**VILLAGE OF BATAVIA
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1 – REPORTING ENTITY

The constitution and laws of the State of Ohio established the rights and privileges of the Village of Batavia, Clermont County, (the Village) as a body corporate and politic. A publically-elected six-member Council directs the Village. The Village provides street maintenance and construction and police services. The Village contracts with Clermont County Water & Sewer Department to provide water and sewer services to its residents. The Village contracts with Rumpke to provide refuse pickup services.

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

The Village participates with Batavia Township to jointly support the Batavia Union Cemetery which is partly located within the Village and partly located within the Township. See Note 14 for additional information. The Village participates in the Public Entity Risk Pool. See Note 15 for additional information.

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

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all enterprise funds which are organized on a fund type basis

Fund Accounting

The Village 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 Village 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 Village 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 Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair 1 Fund - This fund receives transfers from the general fund, gasoline tax and motor vehicle tax money for personnel expenses for constructing, maintaining, and repairing Village streets.

Street Construction, Maintenance and Repair 2 Fund - This fund receives transfers from the general fund, gasoline tax and motor vehicle tax money for supplies and contractual expenses for constructing, maintaining, and repairing Village streets.

**VILLAGE OF BATAVIA
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Clark-Glen-Ely Sewer Assessment Fund - This fund is used to accumulate resources for the payment of bonds and note indebtedness.

Capital Projects Funds - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

Capital Projects Fund - This fund receives transfers from the general fund and special assessment funds for the acquisition or construction of capital facilities and other capital assets and the construction of streets.

Street Capital Projects Fund - This fund receives transfers from the general fund and special assessment funds for the construction of streets.

Enterprise Funds - These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Trash Fund - This fund receives charges for services from residents to cover trash and refuse removal service costs.

Fiduciary Funds - Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Trust and Agency Funds - Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. Unclaimed funds are tracked as an Agency Fund on a Budgetary Basis then rolled into the General Fund for Financial Reporting.

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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Village 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).

VILLAGE OF BATAVIA
CLERMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 (D) 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 Village Council 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 Village 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 2017 budgetary activity appears in Note 4.

Deposits and Investments - The Village's accounting basis does not include any investments other than deposits at a commercial bank.

Capital Assets

The Village 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.

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

Non-spendable - The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

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 - Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends 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.

**VILLAGE OF BATAVIA
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village 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 included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village 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.

Note 3 – COMPLIANCE

No material budgetary violations.

Note 4 – BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,585,610	\$2,327,383	\$741,773
Special Revenue	\$390,210	\$357,965	(32,245)
Debt Service	\$12,000	\$16,773	\$4,773
Capital Projects	\$380,200	\$352,693	(27,507)
Enterprise	\$800,030	\$781,811	(\$18,219)
Agency	\$0	\$0	\$0
Total	\$3,168,050	\$3,836,625	\$668,575

2017 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,131,290	\$3,017,029	\$114,261
Special Revenue	\$532,000	\$413,977	\$118,023
Debt Service	\$23,000	\$27,074	(\$4,074)
Capital Projects	\$360,603	\$312,753	\$47,850
Enterprise	\$984,580	\$825,532	\$159,048
Agency	\$0	\$391	(\$391)
Total	\$5,031,473	\$4,596,756	\$434,717

**VILLAGE OF BATAVIA
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 5 - DEPOSITS AND INVESTMENTS

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	<u>2017</u>
Demand deposits	<u>\$61,900</u>
Total deposits	<u>\$61,900</u>
Repurchase agreements	<u>\$1,612,921</u>
Total Investments	<u>\$1,612,921</u>
Total deposits and investments	<u>\$1,674,821</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments: The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

Note 6 - TAXES

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback 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 is due the following June 20.

Public utilities are also taxed on personal and real property located in the Village.

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

LOCAL INCOME TAX

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of certain residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

VILLAGE OF BATAVIA
CLERMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 7 – RISK MANAGEMENT

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

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

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

Comprehensive property and general liability;
Vehicles, and
Errors and Omission.

During 2017, the Village did not have to pay for any losses that exceeded insurance coverage.

Risk of Pool Membership

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entities Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductibles.

The pool covers the following risks:

General liability and casualty;
Public official's liability, and
Vehicles.

PEP's financial statements (audited by other accountants) conforms with generally accepted accounting principles and reported the following assets, liabilities and net position at December 31, 2017:

	<u>2017</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

**VILLAGE OF BATAVIA
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 7 – RISK MANAGEMENT (Continued)

Self-Insurance

The Village provides health insurance to full-time employees through Anthem Ohio Blue Cross-Blue Shield. In order to reduce the health insurance premium expense, the health insurance has a high annual deductible of \$12,000 per employee. The Village covers the employees for that deductible through a self-insurance program managed by ClaimLinx. The Village annually budgets \$10,000 of insurance expense per employee, although no employee has ever incurred health insurance expenses of \$10,000.

Note 8 – DEFINED BENEFIT PENSION PLANS

The Village's certified full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include post-retirement healthcare and survivor and disability benefits.

Ohio Public Employees Retirement System

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participant's gross salaries. The Village has paid all contributions through December 31, 2017.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants 12.25% of their wages. The Village contributed an amount equal to 19.5% of the police member's wages. The Village has paid all contributions required through December 31, 2017.

Note 9 – POST-EMPLOYMENT BENEFITS

Both OPERS and OP&F offer 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 of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

**VILLAGE OF BATAVIA
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 10 - DEBT

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1) 1-Year Revenue Anticipation Note	\$400,000	2.25%
2) C-G-E Sewer Improvement Special Assessment	\$125,000	2.65% - 5.25%
3) OPWC CU17G Water Line Improvement	\$32,500	0%
4) OPWC CJ24Q Streetscape Improvement Loan	\$1,149,256	0%
5) Streetscape Improvement G.O. Bonds	\$2,505,000	0.8% - 4.125%
6) OPWC CJ26S Broadway & Spring Water Main Loan	\$195,305	0%
7) OPWC CJ26R Wastewater Major Remedial Loan	\$213,537	0%
8) Sharefax Credit Union Police Cruiser Loan	\$11,138	1.99%
	<u>\$4,631,736</u>	

1) The Village issued a 1-year municipal note to help pay for the renovation of the Armory Building, which became the new village office on November 1, 2017. The note matures on August 11, 2018.

2) The Sewer Improvement Special Assessment Bonds were issued on August 31, 2004. The bonds were to be used for the purpose of paying part of the cost of sanitary sewers on Clark, Glen and Ely Streets within the Village. The bonds will mature in 2024.

3) The Ohio Public Works Commission (OPWC) loan (#CU17G) relates to a waterline addition. The OPWC approved a \$100,000 loan at zero interest to the Village for this project. The loan will be repaid in semiannual installments of \$2,500 over 20 years and will be paid off in 2024. The loan is collateralized by water and sewer receipts.

4) The Ohio Public Works Commission (OPWC) loan (#CJ24Q) relates to streetscape improvements. The OPWC approved a \$1,352,066 loan at zero interest to the Village for this project in 2013. The loan will be repaid in semiannual installments of \$33,801.65 over 20 years and will be paid off in 2024.

5) The Streetscape Improvement General Obligation Bonds were issued on June 12, 2013. The bonds were issued for the East Main Street development project including Second and Fourth Streets. The bonds will mature in 2033. The bond proceeds reflected on the financial statements include \$1,325 in refunded bond issuance fees.

6) The Ohio Public Works Commission (OPWC) Broadway & Spring Water Main loan (#CJ26S) relates to a waterline replacement project. The OPWC approved a \$260,975 loan at zero interest to the Village for this project in 2015, but the Village only borrowed \$205,584.60 to complete the project. The loan will be repaid in semiannual installments of \$5,139.62 over 20 years and will be paid off in 2036.

7) The Ohio Public Works Commission (OPWC) Wastewater Major Remedial loan (#CJ26R) relates to a sewer remedial project. The OPWC approved a \$260,500 loan at zero interest to the Village for this project in 2015, but the Village only borrowed \$224,776.00 to complete the project. The loan will be repaid in semiannual installments of \$3,746.27 over 30 years and will be paid off in 2046.

8) The Sharefax Credit Union police cruiser loan will be paid off in 2018.

**VILLAGE OF BATAVIA
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 10 – DEBT (Continued)

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

	Debt #1 & #8 1-Yr. Rev Note & <u>Sharefax</u>	Debt #2 C-G-E <u>Sewer</u>	Debt #3 CY17G OPWC <u>Water</u>	Debt #4 CJ24Q OPWC <u>Street</u>	Debt #5 Street G.O. <u>Bonds</u>	Debt #6 CJ26S OPWC <u>Water</u>	Debt #7 CJ26R OPWC <u>WasteW</u>	Total for <u>Year(s)</u>
2018	\$420,383	\$21,260	\$5,000	\$67,603	\$207,676	\$10,279	\$7,493	\$739,694
2019	--	\$20,555	\$5,000	\$67,603	\$210,676	\$10,279	\$7,493	\$321,606
2020	--	\$19,835	\$5,000	\$67,603	\$208,336	\$10,279	\$7,493	\$318,546
2021	--	\$24,100	\$5,000	\$67,603	\$208,336	\$10,279	\$7,493	\$322,811
2022	--	\$23,100	\$5,000	\$67,603	\$212,699	\$10,279	\$7,493	\$326,174
2023-27	--	\$42,130	\$7,500	\$338,017	\$1,052,674	\$51,396	\$37,463	\$1,529,180
2028-32	--	--	--	\$338,017	\$1,050,100	\$51,396	\$37,463	\$1,476,976
2033-37	--	--	--	\$135,206	\$208,250	\$41,197	\$37,463	\$422,116
2038-42	--	--	--	--	--	--	\$37,463	\$37,463
2043-46	--	--	--	--	--	--	\$26,224	\$26,224
Total	<u>\$420,383</u>	<u>\$150,980</u>	<u>\$32,500</u>	<u>\$1,149,255</u>	<u>\$3,358,747</u>	<u>\$195,384</u>	<u>\$213,541</u>	<u>\$5,520,790</u>

Note 11 – CONSTRUCTION AND CONTRACTUAL COMMITMENTS

The Village purchased a historic building at 65 N Second Street with the intension of moving the Village Offices to that location. The building at 65 N Second Street will required extensive renovation, including the installation of an elevator, before it can be occupied by the Village. The Village received a \$300,000 grant from the Ohio Facilities Construction Commission for the renovation and the Village sold a \$400,000 municipal note to complete the financing. The Village of Batavia had adequate unencumbered resources in its general fund to meet all budgeted and contingent obligations related to this project. The project has been completed and the Village moved its offices to the renovated building on November 1, 2017. The total cost for the purchase and renovation of the building was \$1,313,750. The building where the village officers were formerly located is now for sale at a listed price of \$300,000.

Note 12 – CONTINGENT LIABILITIES

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

Note 13 – JOINT VENTURES

None

Note 14 – JOINTLY GOVERNED ORGANIZATIONS

The Batavia Union Cemetery Is located partially in the Village of Batavia and partially in Batavia Township. The Batavia Union Cemetery Board is comprised of a member of Batavia Village Council, a member of the Batavia Township Trustees, and an at-large member. The cemetery is jointly funded by the Village and the Township.

**VILLAGE OF BATAVIA
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 15 – PUBLIC ENTITY RISK POOL

The Village participates in the Ohio Municipal League Group Rating Plan for workers' compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year term. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 16 – RELATED ORGANIZATIONS

None

Note 17 – RELATED PARTY TRANSACTIONS

None

VILLAGE OF BATAVIA
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts					
Property and Other Taxes	\$63,142	\$31,337	\$0	\$0	\$94,479
Municipal Income Tax	1,618,443	0	0	0	1,618,443
Intergovernmental	50,024	75,548	0	0	125,572
Special Assessments	0	0	19,314	2,729	22,043
Charges for Services	111	0	0	0	111
Fines, Licenses and Permits	23,924	6,380	0	0	30,304
Earnings on Investments	3,282	282	0	0	3,564
Miscellaneous	4,730	1,600	0	0	6,330
<i>Total Cash Receipts</i>	<u>1,763,656</u>	<u>115,147</u>	<u>19,314</u>	<u>2,729</u>	<u>1,900,846</u>
Cash Disbursements					
Current:					
Security of Persons & Property	438,290	2,430	0	0	440,720
Public Health Services	21,089	0	0	0	21,089
Community Environment	0	3,233	0	0	3,233
Transportation	0	418,410	0	0	418,410
General Government	285,910	0	0	0	285,910
Capital Outlay	195,362	0	0	176,701	372,063
Debt Service:					
Principal Retirement	0	0	15,000	192,603	207,603
Interest and Fiscal Charges	0	0	4,110	85,176	89,286
<i>Total Cash Disbursements</i>	<u>940,651</u>	<u>424,073</u>	<u>19,110</u>	<u>454,480</u>	<u>1,838,314</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>823,005</u>	<u>(308,926)</u>	<u>204</u>	<u>(451,751)</u>	<u>62,532</u>
Other Financing Receipts (Disbursements)					
Sale of Bonds	400,000	0	0	0	400,000
Sale of Capital Assets	0	15,000	0	0	15,000
Transfers In	0	290,000	0	381,000	671,000
Transfers Out	(671,000)	0	0	0	(671,000)
Other Financing Sources	0	60	0	0	60
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(271,000)</u>	<u>305,060</u>	<u>0</u>	<u>381,000</u>	<u>415,060</u>
<i>Net Change in Fund Cash Balances</i>	<u>552,005</u>	<u>(3,866)</u>	<u>204</u>	<u>(70,751)</u>	<u>477,592</u>
<i>Fund Cash Balances, January 1</i>	<u>\$986,537</u>	<u>\$289,873</u>	<u>\$24,644</u>	<u>\$157,907</u>	<u>\$1,458,961</u>
Fund Cash Balances, December 31					
Restricted	0	286,007	19,717	87,156	392,880
Assigned	928,680	0	5,131	0	933,811
Unassigned (Deficit)	609,862	0	0	0	609,862
<i>Fund Cash Balances, December 31</i>	<u>1,538,542</u>	<u>286,007</u>	<u>24,848</u>	<u>87,156</u>	<u>1,936,553</u>

See Accompanying Notes to the Financial Statements

VILLAGE OF BATAVIA
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)
All Enterprise Funds
For the Year Ended December 31, 2016

Operating Cash Receipts	
Charges for Services	\$746,438
<i>Total Operating Cash Receipts</i>	<u>746,438</u>
Operating Cash Disbursements	
Personal Services	52,574
Fringe Benefits	11,728
Contractual Services	280,995
Supplies and Materials	100
Other	546,500
<i>Total Operating Cash Disbursements</i>	<u>891,897</u>
<i>Operating Income (Loss)</i>	<u>(145,459)</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental	386,983
Special Assessments	535
Other Debt Proceeds	401,641
Capital Outlay	(825,901)
Principal Retirement	(67,335)
Interest and Other Fiscal Charges	(7,306)
Other Financing Sources	2,500
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(108,883)</u>
<i>Net Change in Fund Cash Balance</i>	<u>(254,342)</u>
<i>Fund Cash Balances, January 1</i>	<u>\$751,459</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$497,117</u></u>

See Accompanying Notes to the Financial Statements

**VILLAGE OF BATAVIA
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 1 – REPORTING ENTITY

The constitution and laws of the State of Ohio established the rights and privileges of the Village of Batavia, Clermont County (the Village) as a body corporate and politic. A publically-elected six-member Council directs the Village. The Village provides street maintenance and construction and police services. The Village contracts with Clermont County Water & Sewer Department to provide water and sewer services to its residents. The Village contracts with Rumpke to provide refuse pickup services.

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

The Village participates with Batavia Township to jointly support the Batavia Union Cemetery which is partly located within the Village and partly located within the Township. See Note 14 for additional information. The Village also participates in the Public Entity Risk Pool. See Note 15 for additional information.

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

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all enterprise funds which are organized on a fund type basis

Fund Accounting

The Village 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 Village 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 Village 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 Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair 1 Fund - This fund receives transfers from the general fund, gasoline tax and motor vehicle tax money for personnel expenses for constructing, maintaining, and repairing Village streets.

Street Construction, Maintenance and Repair 2 Fund - This fund receives transfers from the general fund, gasoline tax and motor vehicle tax money for supplies and contractual expenses for constructing, maintaining, and repairing Village streets.

**VILLAGE OF BATAVIA
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Clark-Glen-Ely Sewer Assessment Fund - This fund is used to accumulate resources for the payment of bonds and note indebtedness.

Capital Projects Funds - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

Capital Projects Fund - This fund receives transfers from the general fund and special assessment funds for the acquisition or construction of capital facilities and other capital assets and the construction of streets.

Street Capital Projects Fund - This fund receives transfers from the general fund and special assessment funds for the construction of streets.

Enterprise Funds - These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Trash Fund - This fund receives charges for services from residents to cover trash and refuse removal service costs.

Fiduciary Funds - Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Trust and Agency Funds - Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The unclaimed funds are tracked as an agency fund however rolled into the general fund for financial reporting.

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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Village 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).

VILLAGE OF BATAVIA
CLERMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 (D) 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 Village Council 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 Village 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 2016 budgetary activity appears in Note 4.

Deposits and Investments - The Village's accounting basis does not include any investments other than deposits at a commercial bank.

Capital Assets

The Village 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.

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

Non-spendable - The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

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 - Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends 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.

**VILLAGE OF BATAVIA
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village 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 included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village 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.

Note 3 – COMPLIANCE – No material budgetary violations.

Note 4 – BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2016 follows:

Fund Type	2016 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$1,493,300	\$2,163,656	\$670,356
Special Revenue	\$384,214	\$420,207	35,993
Debt Service	\$12,000	\$19,314	\$7,314
Capital Projects	\$382,000	\$383,729	1,729
Enterprise	\$1,716,495	\$1,538,097	(\$178,398)
Agency	\$0	\$80	\$80
Total	\$3,988,009	\$4,525,083	\$537,074

Fund Type	2016 Budgeted vs. Actual Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,794,338	\$1,611,651	\$182,687
Special Revenue	\$495,670	\$424,073	\$71,597
Debt Service	\$23,000	\$19,110	\$3,890
Capital Projects	\$470,603	\$454,480	\$16,123
Enterprise	\$2,110,275	\$1,792,439	\$317,836
Agency	\$789	\$789	\$0
Total	\$4,894,675	\$4,302,542	\$592,133

VILLAGE OF BATAVIA
CLERMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 5 - DEPOSITS AND INVESTMENTS

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	<u>2016</u>
Demand deposits	<u>\$49,768</u>
Total deposits	<u>\$49,768</u>
Repurchase agreements	<u>\$2,383,902</u>
Total Investments	<u>\$2,383,902</u>
Total deposits and investments	<u>\$2,433,670</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments: The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

Note 6 - TAXES

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback 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 is due the following June 20.

Public utilities are also taxed on personal and real property located in the Village.

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

LOCAL INCOME TAX

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of certain residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**VILLAGE OF BATAVIA
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

Note 7 – RISK MANAGEMENT

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

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

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

Comprehensive property and general liability;
Vehicles, and
Errors and Omission.

During 2016, the Village did not have to pay for any losses that exceeded insurance coverage.

Risk of Pool Membership

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entities Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductibles.

The pool covers the following risks:

General liability and casualty;
Public official's liability, and
Vehicles.

PEP's financial statements (audited by other accountants) conforms with generally accepted accounting principles and reported the following assets, liabilities and net position at December 31, 2016:

	<u>2016</u>
Assets	\$42,182,281
Liabilities	<u>(13,396,700)</u>
Net Position	\$28,785,581

Self-Insurance

The Village provides health insurance to full-time employees through Anthem Ohio Blue Cross-Blue Shield. In order to reduce the health insurance premium expense, the health insurance has a high annual deductible of \$12,000 per employee. The Village covers the employees for that deductible through a self-insurance program managed by ClaimLinx. The Village annually budgets \$10,000 of insurance expense per employee, although no employee has ever incurred health insurance expenses of \$10,000.

**VILLAGE OF BATAVIA
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

Note 8 – DEFINED BENEFIT PENSION PLANS

The Village’s certified full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans’ benefits, which include post-retirement healthcare and survivor and disability benefits.

Ohio Public Employees Retirement System

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants gross salaries. The Village has paid all contributions through December 31, 2016.

Ohio Police and Fire Retirement System

The Village’s full-time Police Officers belong to the Police and Fire Pension Fund (OPFPF). OPFPF is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contribute 12.25% of their wages. The Village contributed an amount equal to 19.5% of the police members wages. The Village has paid all contributions required through December 31, 2016.

Note 9 – POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offer 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 of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Note 10 - DEBT

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1) West Main St. Sewer Mortgage Revenue Bonds	\$24,999	5.25%
2) C-G-E Sewer Improvement Special Assessment	\$140,000	2.65% - 5.25%
3) OPWC CU17G Water Line Improvement	\$35,000	0%
4) OPWC CJ24Q Streetscape Improvement Loan	\$1,183,058	0%
5) Streetscape Improvement G.O. Bonds	\$2,630,000	0.8% - 4.125%
6) OPWC CJ26S Broadway & Spring Water Main Loan	\$200,445	0%
7) OPWC CJ26R Wastewater Major Remedial Loan	\$217,283	0%
8) Sharefax Credit Union Police Cruiser Loan	\$22,101	1.99%
9) Municipal Note	<u>\$400,000</u>	2.25%
	<u>\$4,852,886</u>	

**VILLAGE OF BATAVIA
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

Note 10 – DEBT (Continued)

- 1) The West Main Street Sewer Mortgage Revenue Bonds were issued in July 2002, as a result of the 1992 Mortgage Revenue Bonds being defeased. The bonds were issued for the improvement of the Village sewer system. The bonds will mature in 2017.
- 2) The Sewer Improvement Special Assessment Bonds were issued on August 31, 2004. The bonds were to be used for the purpose of paying part of the cost of sanitary sewers on Clark, Glen and Ely Streets within the Village. The bonds will mature in 2024.
- 3) The Ohio Public Works Commission (OPWC) loan (#CU17G) relates to a waterline addition. The OPWC approved a \$100,000 loan at zero interest to the Village for this project. The loan will be repaid in semiannual installments of \$2,500 over 20 years and will be paid off in 2024. The loan is collateralized by water and sewer receipts.
- 4) The Ohio Public Works Commission (OPWC) loan (#CJ24Q) relates to streetscape improvements. The OPWC approved a \$1,352,066 loan at zero interest to the Village for this project in 2013. The loan will be repaid in semiannual installments of \$33,801.65 over 20 years and will be paid off in 2024.
- 5) The Streetscape Improvement General Obligation Bonds were issued on June 12, 2013. The bonds were issued for the East Main Street development project including Second and Fourth Streets. The bonds will mature in 2033. The bond proceeds reflected on the financial statements include \$1,325 in refunded bond issuance fees.
- 6) The Ohio Public Works Commission (OPWC) Broadway & Spring Water Main loan (#CJ26S) relates to a waterline replacement project. The OPWC approved a \$260,975 loan at zero interest to the Village for this project in 2015, but the Village only borrowed \$205,584.60 to complete the project. The loan will be repaid in semiannual installments of \$5,139.62 over 20 years and will be paid off in 2036.
- 7) The Ohio Public Works Commission (OPWC) Wastewater Major Remedial loan (#CJ26R) relates to a sewer remedial project. The OPWC approved a \$260,500 loan at zero interest to the Village for this project in 2015, but the Village only borrowed \$224,776.00 to complete the project. The loan will be repaid in semiannual installments of \$3,746.27 over 30 years and will be paid off in 2046.
- 8) The Sharefax Credit Union police cruiser loan will be paid off in 2018.
- 9) One year municipal loan will be paid off in 2017.

**VILLAGE OF BATAVIA
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

Note 10 – DEBT (Continued)

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

Year	Debt #1 & #8 Sewer Mort. & Sharefax	Debt #2 C-G-E Sewer	Debt #3 CY17G OPWC Water	Debt #4 CJ24Q OPWC Street	Debt #5 Street G.O. Bonds	Debt #6 CJ26S OPWC Water	Debt #7 CJ26R OPWC WasteW	Total for Year(s)
2017	\$72,638	\$21,943	\$5,000	\$67,603	\$209,426	\$10,279	\$7,493	\$394,382
2018	--	\$21,260	\$5,000	\$67,603	\$207,676	\$10,279	\$7,493	\$319,311
2019	--	\$20,555	\$5,000	\$67,603	\$210,676	\$10,279	\$7,493	\$321,606
2020	--	\$19,835	\$5,000	\$67,603	\$208,336	\$10,279	\$7,493	\$318,546
2021	--	\$20,100	\$5,000	\$67,603	\$210,736	\$10,279	\$7,493	\$321,211
2022-26	--	\$65,230	\$12,500	\$338,017	\$1,054,444	\$51,396	\$37,463	\$1,559,050
2027-31	--	--	--	\$338,017	\$1,049,735	\$51,396	\$37,463	\$1,476,611
2032-36	--	--	--	\$202,810	\$419,543	\$51,396	\$37,463	\$711,212
2037-41	--	--	--	--	--	--	\$37,463	\$37,463
2042-46	--	--	--	--	--	--	\$33,716	\$33,716
Total	<u>\$72,638</u>	<u>\$168,923</u>	<u>\$37,500</u>	<u>\$1,216,859</u>	<u>\$3,570,572</u>	<u>\$205,583</u>	<u>\$221,033</u>	<u>\$5,493,108</u>

Note 11 – CONSTRUCTION AND CONTRACTUAL COMMITMENTS

The Village has purchased a historic building at 65 N Second Street with the intension of moving the Village Offices to that location. The building at 65 N Second Street will require extensive renovation, including the installation of an elevator, before it can be occupied by the Village. The Village will receive a \$300,000 grant from the Ohio Facilities Construction Commission for the renovation in 2017 and the Village sold a \$400,000 municipal note to complete the financing. The Village of Batavia has adequate unencumbered resources in its general fund to meet all budgeted and contingent obligations related to this project.

Note 12 – CONTINGENT LIABILITIES

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

Note 13 – JOINT VENTURES

None

Note 14 – JOINTLY GOVERNED ORGANIZATIONS

The Batavia Union Cemetery Is located partially in the Village of Batavia and partially in Batavia Township. The Batavia Union Cemetery Board is comprised of a member of Batavia Village Council, a member of the Batavia Township Trustees, and an at-large member. The cemetery is jointly funded by the Village and the Township.

**VILLAGE OF BATAVIA
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

Note 15 – PUBLIC ENTITY RISK POOL

The Village participates in the Ohio Municipal League Group Rating Plan for workers' compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year term. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 16 – RELATED ORGANIZATIONS

None

Note 17 – RELATED PARTY TRANSACTIONS

None



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

Village of Batavia
Clermont County
65 N. Second Street
Batavia, Ohio 45103

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Batavia, Clermont County, Ohio (the Village) as of and for the year ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated August 30, 2018, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2017-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Village's Response to the Finding

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Village's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

August 30, 2018

VILLAGE OF BATAVIA
HAMILTON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-001

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. The Village did not accurately apply Governmental Accounting Standards Board (GASB) Statement Number 54 when classifying December 31, 2016 fund balances. These misclassifications are noted below:

2016 General Fund

- Ending Unassigned Fund Balance was overstated by \$928,680.
- Ending Assigned Fund Balance was understated by \$928,680.

Adjustments to correct the errors above are reflected in the financial statements and notes.

Assigned fund balances include the year-end General Fund balances appropriated in the next fiscal year. To calculate this assignment, the next fiscal year appropriations amount should be compared to the next fiscal year's estimated taxes plus other sources from the next fiscal year's official certificate of estimated resources. If the appropriations are greater than the estimated receipts, the difference should be classified as assigned in the Village's General Fund financial statements.

When fund balances are not accurately classified, Village officials and management do not have accurate information as to the amount of fund balances that are restricted or committed for specific purposes. We recommend that the Village develop and implement procedures to ensure accurate accounting for yearend fund balances. We also recommend that the Village review Auditor of State Bulletin 2011-004 for guidelines in classifying fund balances in accordance with GASB Statement Number 54.

Officials' Response:

Fiscal Officer is newer and still learning and noted 2017 no adjustment was needed for unassigned vs assigned fund balance.

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VILLAGE OF BATAVIA
 65 N. SECOND STREET, BATAVIA, OHIO 45103

JOHN THEBOUT, MAYOR
 DENNIS NICHOLS, ADMINISTRATOR
 JOHN WAITE, FISCAL OFFICER

PHONE: 513-732-2020
 FAX: 513-732-5696

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2017 AND 2016**

Finding Number	Finding Summary	Status	Additional Information
2015-001	Posting Receipts and Disbursements	Finding is Materially Corrected	No items noted above materiality for Finding to be reissued.
2015-002	ORC 5705.41(B) Proper Appropriations	Finding is Fully Corrected	Actual appropriations did not exceed expenditures during the audit period.
2015-003	ORC 5705.41(D) Signed Certificate by Fiscal Officer for Expenditures	Finding is Fully Corrected	Issued more Blanket Purchase Orders during the audit period to avoid reoccurring issue.

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VILLAGE OF BATAVIA

CLERMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER, 18 2018