



**VILLAGE OF BLANCHESTER
CLINTON COUNTY**

**REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2022 - 2021**



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Columbus, Ohio 43215
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Village Council
Village of Blanchester
318 East Main Street
Blanchester, Ohio 45107

We have reviewed the *Independent Auditor's Report* of the Village of Blanchester, Clinton County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Blanchester is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

May 15, 2025

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**VILLAGE OF BLANCHESTER
CLINTON COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Village of Blanchester
Clinton County
318 East Main Street
Blanchester, Ohio 45107

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Blanchester, Clinton County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type 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 and proprietary fund type as of and for the years ended December 31, 2021 and 2022, 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 Village, as of December 31, 2022 and 2021, or the changes in financial position or, where applicable, cash flows 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 Village, 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 Village 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 Village'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 Village'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 Village'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 November, 30 2024, 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. 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 Village'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 Village's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

November 30, 2024

**VILLAGE OF BLANCHESTER
CLINTON 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	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$ 324,378	\$ 204,409	\$ -	\$ 528,787
Intergovernmental	358,734	708,366	28,388	1,095,488
Special Assessments	655	-	45,548	46,203
Charges for Services	367,850	18,710	-	386,560
Fines, Licenses and Permits	53,407	-	-	53,407
Earnings on Investments	42,250	6,531	-	48,781
Miscellaneous	22,729	7,458	-	30,187
<i>Total Cash Receipts</i>	<i>1,170,003</i>	<i>945,474</i>	<i>73,936</i>	<i>2,189,413</i>
Cash Disbursements				
Current:				
Security of Persons and Property	764,531	25	-	764,556
Public Health Services	44,292	12,903	-	57,195
Leisure Time Activities	-	141,052	-	141,052
Community Environment	23,463	-	-	23,463
Basic Utility Services	307,783	-	-	307,783
Transportation	-	458,056	17,964	476,020
General Government	294,384	4,061	-	298,445
Intergovernmental	-	-	-	-
Capital Outlay	-	317,529	28,388	345,917
Debt Service:				
Principal Retirement	-	5,312	3,688	9,000
<i>Total Cash Disbursements</i>	<i>1,434,453</i>	<i>938,938</i>	<i>50,040</i>	<i>2,423,431</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(264,450)</i>	<i>6,536</i>	<i>23,896</i>	<i>(234,018)</i>
Other Financing Receipts (Disbursements)				
Other Financing Uses	(7,876)	(31,666)	-	(39,542)
<i>Total Other Financing Receipts (Disbursements)</i>	<i>(7,876)</i>	<i>(31,666)</i>	<i>-</i>	<i>(39,542)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(272,326)</i>	<i>(25,130)</i>	<i>23,896</i>	<i>(273,560)</i>
<i>Fund Cash Balances, January 1 (Restated)</i>	<i>987,414</i>	<i>1,004,233</i>	<i>115,967</i>	<i>2,107,614</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 715,088</i>	<i>\$ 979,103</i>	<i>\$ 139,863</i>	<i>\$ 1,834,054</i>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF BLANCHESTER
CLINTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)**

ALL PROPRIETARY FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 2022

	Proprietary Fund Types		
	Enterprise	Internal Service	Combined Total
Operating Cash Receipts			
Charges for Services	\$ 8,855,783	\$ -	\$ 8,855,783
Miscellaneous	- -	530,085	530,085
<i>Total Operating Cash Receipts</i>	<u>8,855,783</u>	<u>530,085</u>	<u>9,385,868</u>
Operating Cash Disbursements			
Personal Services	1,171,300	- -	1,171,300
Employee Fringe Benefits	443,193	- -	443,193
Contractual Services	5,447,802	- -	5,447,802
Supplies and Materials	389,014	- -	389,014
Claims	- -	511,003	511,003
Other	34,693	- -	34,693
<i>Total Operating Cash Disbursements</i>	<u>7,486,002</u>	<u>511,003</u>	<u>7,997,005</u>
<i>Operating Income (Loss)</i>	<u>1,369,781</u>	<u>19,082</u>	<u>1,388,863</u>
Non-Operating Receipts (Disbursements)			
Earnings on Investments (proprietary funds only)	378	- -	378
Miscellaneous Receipts	5	- -	5
Capital Outlay	(495,593)	- -	(495,593)
Principal Retirement	(494,610)	- -	(494,610)
Interest and Other Fiscal Charges	(108,497)	- -	(108,497)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(1,098,317)</u>	<u>- -</u>	<u>(1,098,317)</u>
<i>Net Change in Fund Cash Balances</i>	<u>271,464</u>	<u>19,082</u>	<u>290,546</u>
<i>Fund Cash Balances, January 1</i>	<u>6,175,927</u>	<u>171,864</u>	<u>6,347,791</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 6,447,391</u>	<u>\$ 190,946</u>	<u>\$ 6,638,337</u>

The notes to the financial statements are an integral part of this statement.

Village of Blanchester, Ohio
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Blanchester, Clinton County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected six-member Council directs the Village. The Village provides water, sewer and electric utilities, garbage removal, park operations, and police services. The Village purchases electric power from Indiana Municipal Power Agency for resale to consumers.

Jointly Governed Organizations, Public Entity Risk Pool

The Village participates in the Blanchester-Marion Joint Fire District to provide fire protection services for residents. Note 12 to the financial statements provides additional information for this entity. The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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 (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all 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 The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Permissive Tax Fund The permissive tax fund accounts for and reports the receipt of permissive motor vehicle tax for maintaining and repairing Village streets.

Village of Blanchester, Ohio
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies (continued)

American Rescue Plan Act Fund This fund was created to account for and report the receipt and expenditures of federal dollars received.

Legacy Fund Grant The Legacy fund grant accounts for and reports the receipt and expenditures incurred for the paving of Chester Wilson Drive for the Parks Department within the Village from the Clinton County Foundation.

Capital Project 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:

Storm Sewer Project Fund The fund accounts for and reports the receipt and expenditure of monies for the purpose of the storm sewer project fund.

Cherry Street Phase I Project Fund This fund accounts for and reports the receipt of pass- through grant monies restricted for the purpose of the Cherry Street Phase I Project.

Cherry Street Phase II Project Fund This fund accounts for and reports the receipt of pass- through grant monies restricted for the purpose of the Cherry Street Phase II Project.

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 The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Electric Fund The electric fund accounts for the provision of electricity and distribution to residents and commercial users within the Village.

Internal Service Fund This fund accounts for services provided by one department to other departments of the government unit. The Village had the following Internal Service Fund:

Self-funded Insurance Medical Fund The self-funded insurance medical fund accounts for insurance premium payments from other funds to pay medical claims of employees enrolled in the health insurance plan.

Village of Blanchester
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies (continued)

The Village's investment trust funds report the external portion of investment pools and individual investments accounts that are held in trust.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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 on 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 custodial funds be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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 reappropriated.

A summary of 2022 budgetary activity appears in Note 3.

Village of Blanchester
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies (continued)

Deposits and Investments

The Village'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.

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:

Nonspendable The Village 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 Village and the nonexpendable 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 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.

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.

Village of Blanchester
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,804,985	\$ 1,170,003	\$ (634,982)
Special Revenue	824,734	945,474	120,740
Capital Projects	40,000	73,936	33,936
Enterprise	9,380,500	8,856,166	(524,334)
Internal Service	400,000	530,085	130,085
Total	<u>\$ 12,450,219</u>	<u>\$ 11,575,664</u>	<u>\$ (874,555)</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,218,331	\$ 1,475,953	\$ 742,378
Special Revenue	1,208,633	1,044,824	163,809
Capital Projects	43,719	58,446	(14,727)
Enterprise	11,778,623	11,035,732	742,891
Internal Service	520,150	520,125	25
Total	<u>\$ 15,769,456</u>	<u>\$ 14,135,080</u>	<u>\$ 1,634,376</u>

Village of Blanchester
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits and Investments

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

	2022
Demand deposits	\$ 4,368,904
Certificates of deposit	4,054,235
Total deposits	<u>8,423,139</u>
STAR Ohio	
U.S. Treasury Notes, Corporate Bonds, and Mutual Funds	\$ 49,252
Total investments	49,252
Total deposits and investments	<u>\$ 8,472,391</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Village.

Investments

A financial institution's trust department holds the Village's equity securities in book-entry form in the Village's name.

Note 5 – 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credit 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 of the payment is due the following June 20.

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

Note 6 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident Commercial Insurance

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Village of Blanchester
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 – Risk Management (continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Assets	\$ 21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Self-Insurance

The Village is self-insured for employee health. The Self Insurance Fund pays covered claims to service providers and recovers these costs from charges to other funds.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Employees of the Village 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 healthcare and survivor and disability benefits.

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 required through December 31, 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 eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

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 contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

Village of Blanchester
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plans (Continued)

Social Security

Those Village employees not contributing to OP&F or OPERS contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 8 – 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. 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. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 9 – Debt

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

	Principal	Interest Rate
Water System Improvement Bonds	\$ 372,500	3.25-4.90%
OWDA 5047 Equalization Basin & Pump Station	17,474	0.00%
OWDA 5971 Sewer System Improvement Phase 2	591,035	1.00%
OWDA 6269 WW System Improvement Phase 3	473,408	1.00%
OWDA 6490 WTP Improvements	3,852,383	2.00%
OPWC CJ10K Wastewater System Improvements	467,609	0.00%
OPWC CJ02L Blanchester SR28 Water Main Replacement	83,323	0.00%
OPWC CJ14M Blanchester Dtn Water Main Replace-Ph 2	282,159	0.00%
OPWC CJ04P Water Treatment Plant Impr	1,122,051	0.00%
OPWC CJ04N Sanitary Sewer-Phase II	827,252	0.00%
OPWC CJ02O Wastewater System Improvements-Phase 3	1,125,000	0.00%
OPWC CJ16S Center St Main St Reconstruction	135,000	0.00%
OPWC CJ12V Reservoir 3 Project	22,393	0.00%
Total	<u>\$ 9,371,587</u>	

Village of Blanchester
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt (continued)

Water System Improvement Revenue Bonds were issued September 1, 2005, in the amount of \$1,795,000 and mature August 1, 2025. These bonds are for the various improvements to the Municipal water system, including improvements to the water treatment plant and the distribution facilities. The revenue and income of the Village's utilities have been pledged to repay these debts. As required by the Water System Improvement Revenue Bond covenant, the Village has established and funded the required debt service reserve fund and debt service replacement and improvement fund, included as enterprise funds.

The Equalization Basin (OWDA) Loan #5047 relates to an upgrade to the Blanchester Wastewater project. The OWDA loan was issued on September 23, 2009, at 0% in the amount of \$49,926 and matures July 1, 2029. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Sewer System Improvement Phase 2 – OWDA Loan #5971 was initiated in 2011, and the financed amount was set at \$1,182,265 at 1% and matures in 2032. The loan is expected to be repaid in semiannual installments of \$32,686. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Wastewater System Improvement Phase 3 – OWDA Loan #6269 was received in 2012, and the financed amount was set at \$1,402,263 at 1% and is due to mature in 2034. The loan is expected to be repaid in semiannual installments of \$38,766. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. No amortization schedule is currently available.

The WTP Improvement – OWDA Loan #6490 was funded in 2014, and the financed amount was set at \$4,938,121 at 2% and is expected to mature in 2044. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. No amortization schedule is currently available.

The Wastewater System Improvement – OPWC Loan #CJ10K was established in 2012, and the financed amount was set at \$701,413 at 0% and is expected to mature in 2042. The loan is expected to be repaid in semiannual installments of \$11,691. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The State Route 28 Water Main Replacement – OPWC Loan #CJ02L was obtained in 2012, and the financed amount was set at \$125,000 at 0% and will mature in 2042. The loan is to be repaid in semiannual installments of \$2,083. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Downtown Water Main-Phase 2 – Ohio Public Works Commission (OPWC) Loan #CJ14M was received in 2012, and the financed amount was set at \$403,084 at 0% and is set to mature in 2043. The loan will be repaid in semiannual installments of \$6,718. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

Water Treatment Plant Improvements – Ohio Public Works Commission (OPWC) Loan #CJ04P was received in 2014, and the financed amount was set at \$1,463,545 at 0% and is set to mature in 2045. The loan will be repaid in semiannual installments of \$24,393. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

Village of Blanchester
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt (continued)

The Sanitary Sewer Phase II – OPWC Loan #CJ04N was obtained in 2013, and the financed amount was set at \$1,154,305 at 0% and is expected to mature in 2044. The loan is expected to be repaid in semiannual installments of \$19,239. The loan is collateralized by sewer receipts. The village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Wastewater System Improvement-Phase 3 – OPWC Loan #CJ02O was funded in 2014, and the financed amount was set at \$1,500,000 at 0% and is expected to mature in 2045. The loan is expected to be repaid in semiannual installments of \$25,000. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Center Street & Main Street Reconstruction – OPWC Loan #CJ16S was obtained in 2016, and the financed amount was set at \$180,000 at 0% and is expected to mature in 2037. The loan is expected to be repaid in semiannual installments of \$4,500. The loan previously being repaid out of the Street Permissive Tax fund, was reexamined in 2019 and it was resolved to pay installments from the cash balance of the Center Main Project Fund until such time as said cash balance is exhausted at which time installments will resume repayment from Street Permissive Tax fund.

The Village received funds in the amount of \$22,393 from OPWC for the Reservoir 3 Project during 2021, but no amortization schedule has been made available by OPWC, so it has not been included in the following amortization schedule showing principal and interest by funding source.

Amortization

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

Year Ending December 31:	OPWC Loans	OWDA Loans	Water System Improvement Bonds
2023	\$ 187,245	\$ 336,703	\$ 139,250
2024	187,245	336,703	143,250
2025	187,245	336,703	141,750
2026	187,245	336,703	-
2027	187,245	336,703	-
2028-2032	936,225	1,643,344	-
2033-2037	936,225	1,172,176	-
2038-2042	891,217	1,098,460	-
2043-2045	342,502	659,076	-
Total	<u>\$ 4,042,394</u>	<u>\$ 6,256,571</u>	<u>\$ 424,250</u>

Debt Service Trust Fund

The 2005 Water System Improvement trust agreement required the Village to establish a debt service account to be maintained by a custodian bank. The Village has established this fund.

Village of Blanchester
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt (continued)

Fund Balance Adjustments

As part of the 2016-2015 financial statement audit, a finding for adjustment was made against the Water and Sewer Funds and in favor of the Electric Fund in the amount of \$189,800 and \$212,084 respectively. The Water and Sewer Funds do not have a fund balance large enough to repay the Electric Fund all at once. The Village Council passed Resolution 2019-004 on February 14, 2019, setting up a plan for the Water and Sewer Funds to repay the Electric Fund. The following is the repayment schedule approved by the Council.

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
2018	\$10,000	\$10,000	\$20,000
2019	10,000	10,000	20,000
2020	10,000	10,000	20,000
2021	10,000	10,000	20,000
2022	10,000	10,000	20,000
2023-2027	50,000	50,000	100,000
2028-2032	50,000	50,000	100,000
2033-2037	39,880	50,000	89,800
2038-2039	-	<u>12,084</u>	<u>12,084</u>
Total	<u>\$189,880</u>	<u>\$212,084</u>	<u>\$401,964</u>

The amount owed to the end of 2022 by the Water Fund is \$139,880 and by the Sewer Fund is \$162,084 for a total of \$321,964.

Note 10 – Contingent Liabilities

The Village may be defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village's financial condition.

Amounts grantor agencies pay to the Village 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 11 – Jointly Governed Organizations

The Village participates in the Blanchester Marion Joint Fire District. A two-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are the Village of Blanchester and Marion Township. The District provides fire protection and rescue services within District.

Village of Blanchester
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 12 – Fund Balances

Included in fund balance are amounts the Village 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 facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	Special		Capital Projects	Total
	General	Revenue		
Nonspendable:				
Unclaimed Monies	\$ 4,350	\$ -	\$ -	\$ 4,350
Outstanding Encumbrances	33,624	74,220	8,406	116,250
Total	\$ 37,974	\$ 74,220	\$ 8,406	\$ 120,600

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted committed or assigned. The fund balance of permanent funds that are not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – 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 Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Note 14 – Prior Period Restatement

The following adjustment is reflected in the January 1, 2022 fund balances:

	General Fund
December 31, 2021 audited balances	\$ 980,706
Adjustment to account for canceled checks	6,708
January 1, 2022 balances	\$ 987,414

The Village canceled checks that were outstanding and reissued new checks.

**VILLAGE OF BLANCHESTER
CLINTON 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	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 309,413	\$ 198,865	\$ -	\$ 508,278
Intergovernmental	354,415	626,940	344,930	1,326,285
Special Assessments	1,852	-	45,256	47,108
Charges for Services	369,341	3,261	-	372,602
Fines, Licenses and Permits	49,531	922	-	50,453
Earnings on Investments	50,309	7,667	-	57,976
Miscellaneous	19,604	22,087	-	41,691
<i>Total Cash Receipts</i>	<i>1,154,465</i>	<i>859,742</i>	<i>390,186</i>	<i>2,404,393</i>
Cash Disbursements				
Current:				
Security of Persons and Property	619,578	7,617	-	627,195
Public Health Services	5,529	-	-	5,529
Leisure Time Activities	-	177,715	-	177,715
Community Environment	17,354	-	-	17,354
Basic Utility Services	308,260	-	-	308,260
Transportation	-	469,574	163,901	633,475
General Government	196,212	5,416	-	201,628
Capital Outlay	-	-	363,252	363,252
Debt Service:				
Principal Retirement	-	-	9,000	9,000
<i>Total Cash Disbursements</i>	<i>1,146,933</i>	<i>660,322</i>	<i>536,153</i>	<i>2,343,408</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>7,532</i>	<i>199,420</i>	<i>(145,967)</i>	<i>60,985</i>
Other Financing Receipts (Disbursements)				
Loans Issued	-	-	22,393	22,393
Transfers In	-	-	1,086	1,086
Transfers Out	-	(543)	-	(543)
Advances In	5,158	-	5,158	10,316
Advances Out	(5,158)	-	(5,158)	(10,316)
Other Financing Uses	(6,780)	-	-	(6,780)
<i>Total Other Financing Receipts (Disbursements)</i>	<i>(6,780)</i>	<i>(543)</i>	<i>23,479</i>	<i>16,156</i>
<i>Net Change in Fund Cash Balances</i>	<i>752</i>	<i>198,877</i>	<i>(122,488)</i>	<i>77,141</i>
<i>Fund Cash Balances, January 1 (Restated)</i>	<i>979,954</i>	<i>805,356</i>	<i>238,455</i>	<i>2,023,765</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 980,706</i>	<i>\$ 1,004,233</i>	<i>\$ 115,967</i>	<i>\$ 2,100,906</i>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF BLANCHESTER
CLINTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Proprietary Fund Types		Totals
	Enterprise	Internal Service	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 8,942,630	\$ -	\$ 8,942,630
Miscellaneous	56,304	399,974	456,278
<i>Total Operating Cash Receipts</i>	8,998,934	399,974	9,398,908
Operating Cash Disbursements			
Personal Services	1,270,594	-	1,270,594
Employee Fringe Benefits	461,977	-	461,977
Contractual Services	5,744,901	-	5,744,901
Supplies and Materials	326,305	-	326,305
Claims	-	529,817	529,817
Other	41,047	-	41,047
<i>Total Operating Cash Disbursements</i>	7,844,824	529,817	8,374,641
<i>Operating Income (Loss)</i>	1,154,110	(129,843)	1,024,267
Non-Operating Receipts (Disbursements)			
Intergovernmental Receipts	1,034	-	1,034
Earnings on Investments (proprietary funds only)	31	-	31
Capital Outlay	(203,272)	-	(203,272)
Principal Retirement	(487,151)	-	(487,151)
Interest and Other Fiscal Charges	(115,005)	-	(115,005)
<i>Total Non-Operating Receipts (Disbursements)</i>	(804,363)	-	(804,363)
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	349,747	(129,843)	219,904
Transfers In	140,292	-	140,292
Transfers Out	(140,835)	-	(140,835)
<i>Net Change in Fund Cash Balances</i>	349,204	(129,843)	219,361
<i>Fund Cash Balances, January 1 (Restated)</i>	5,826,723	301,707	6,128,430
<i>Fund Cash Balances, December 31</i>	\$ 6,175,927	\$ 171,864	\$ 6,347,791

The notes to the financial statements are an integral part of this statement.

Village of Blanchester
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 - Reporting Entity

The Village of Blanchester, Clinton County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly- elected six-member Council directs the Village. The Village provides electric, trash, water and sewer utilities, park operations, and police services. The Village purchases electric power from IMPA for resale to consumers.

Public Entity Risk Pool

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

Jointly Governed Organization

The Village participates in the Blanchester Marion Joint Fire District to provide fire protection services to residents. Note 12 to the financial statements provides additional information for this entity.

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 (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all 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 Fund The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Permissive Tax Fund The permissive tax fund accounts for and reports the receipt of permissive motor vehicle tax for maintaining and repairing Village streets.

Village of Blanchester
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (continued)

American Rescue Plan Act Fund This fund was created to account for and report the receipt and expenditures of federal dollars received.

Legacy Fund Grant The Legacy fund grant accounts for and reports the receipt and expenditures incurred during the year of 2021. The fund received distributions for the paving of Chester Wilson Drive for the Parks Department within the Village from the Clinton County Foundation.

Capital Project 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:

Storm Sewer Project Fund The fund accounts for and reports the receipt and expenditure of monies for the purpose of the storm sewer project fund.

Reservoir 3 Improvements Fund The reservoir 3 improvements fund accounts for and reports the receipt of pass-through grant monies restricted for the purpose of the Reservoir 3 Improvements project.

Cherry Street Phase I Project Fund This fund accounts for and reports the receipt of pass-through grant monies restricted for the purpose of the Cherry Street Phase I Project.

Cherry Street Phase II Project Fund This fund accounts for and reports the receipt of pass-through grant monies restricted for the purpose of the Cherry Street Phase II Project.

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 Fund:

Electric Fund The electric fund receives charges for services from residents to cover electric service costs.

Internal Service Fund This fund accounts for services provided by one department to other departments of the government unit. The Village had the following Internal Service Fund:

Self-funded Insurance Medical Fund The self-funded insurance medical fund receives insurance premium payments from other funds to pay medical claims of employees enrolled in the health insurance plan.

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 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 disbursements 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 (D) permit.

Village of Blanchester
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (continued)

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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 reappropriated.

A summary of 2021 budgetary activity appears in Note 4.

Deposits and Investments

The Village'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.

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:

Nonspendable The Village 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 Village and the nonexpendable 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 go.

Village of Blanchester
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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 Village applies restricted resources first when disbursements 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Legacy Grant Fund fund by \$50,000, the Storm Sewer Project fund by \$59,143, and the Cherry Street Phase 1 Project fund by \$237,413, for the year ended December 31, 2021.

Note 4 - Budgetary Activity

Budgetary activity for the year ending December 31, 2021, follows:

<u>2021 Budgeted vs. Actual Receipts</u>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,315,397	\$ 1,159,623	\$ (155,774)
Special Revenue	529,635	859,742	330,107
Capital Projects	409,268	418,823	9,555
Enterprise	9,048,488	9,140,291	91,803
Internal Service	440,000	399,974	(40,026)
Total	\$ 11,742,788	\$ 11,978,453	\$ 235,665

<u>2021 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,913,422	\$ 1,159,868	\$ 753,554
Special Revenue	634,452	664,742	(30,290)
Capital Projects	223,439	541,347	(317,908)
Enterprise	11,084,267	8,805,397	2,278,870
Internal Service	520,150	529,817	(9,667)
Total	\$ 14,375,730	\$ 11,701,171	\$ 2,674,559

Village of Blanchester
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 5 – Deposits and Investments

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

	2021
Demand deposits	\$ 5,794,467
Certificates of deposit	2,654,230
Total deposits	<u>8,448,697</u>

The Village no longer uses a separate payroll clearing account. The expenditures included in the accompanying financial statement reflects net payroll plus all remitted payroll withholdings. On December 31, 2021, the Village is holding \$20,253.97 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation and are collateralized by securities specifically pledged by the financial institution to the Village.

Investments

A financial institution's trust department holds the Village's equity securities in book-entry form 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credit and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by February 14. If the property owner elects to pay semiannually, the first half is due December 31. The second half of the payment is due the following June 20.

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

Village of Blanchester
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 - Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village 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 (if material).

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Effective November 1, 2019, OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2021, OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity on December 31, 2021.

Assets	\$ 21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</u>

The complete audited financial statements for The Ohio Plan Risk Management can be read at the Plan's website, www.ohioplan.org. Fiscal year 2021 information will be available sometime from May to July 2022.

Self-Insurance

The Village is self-insured for employee health. The Self Insurance Fund pays covered claims to service providers and recovers these costs from charges to other funds.

Village of Blanchester
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Employees of the Village 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 healthcare and survivor and disability benefits.

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 required through December 31, 2021.

Ohio Police and Fire Retirement System

The Village's certified fire fighters and 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 contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2021.

Social Security

Those Village employees not contributing to OP&F or OPERS contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

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. 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 Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Village of Blanchester
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Debt

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

	Principal	Interest Rate
Water System Improvement Bonds	\$ 489,167	3.25-4.90%
OWDA 5047 Equalization Basin & Pump Station	19,970	0.00%
OWDA 5971 Sewer System Improvement Phase 2	650,053	1.00%
OWDA 6269 WW System Improvement Phase 3	473,408	1.00%
OWDA 6490 WTP Improvements	3,990,567	2.00%
OPWC CJ10K Wastewater System Improvements	490,989	0.00%
OPWC CJ02L Blanchester SR28 Water Main Replacement	87,490	0.00%
OPWC CJ14M Blanchester Dntn Water Main Replace-Ph 2	295,595	0.00%
OPWC CJ04P Water Treatment Plant Impr	1,170,836	0.00%
OPWC CJ04N Sanitary Sewer-Phase II	865,729	0.00%
OPWC CJ02O Wastewater System Improvements-Phase 3	1,175,000	0.00%
OPWC CJ16S Center St Main St Reconstruction	144,000	0.00%
OPWC CJ12V Reservoir 3 Project	22,393	0.00%
Total	\$ 9,875,197	

Water System Improvement Revenue Bonds were issued September 1, 2005, in the amount of \$1,795,000 and mature August 1, 2025. These bonds are for the various improvements to the Municipal water system, including improvements to the water treatment plant and the distribution facilities. The revenue and income of the Village's utilities have been pledged to repay these debts. As required by the Water System Improvement Revenue Bond covenant, the Village has established and funded the required debt service reserve fund and debt service replacement and improvement fund, included as enterprise funds.

The Equalization Basin (OWDA) Loan #5047 relates to an upgrade to the Blanchester Wastewater project. The OWDA loan was issued on September 23, 2009, at 0% in the amount of \$49,926 and matures July 1, 2029. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Sewer System Improvement Phase 2 – OWDA Loan #5971 was initiated in 2011, and the financed amount was set at \$1,182,265 at 1% and matures in 2032. The loan is expected to be repaid in semiannual installments of \$32,686. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Wastewater System Improvement Phase 3 – OWDA Loan #6269 was received in 2012, and the financed amount was set at \$1,402,263 at 1% and is due to mature in 2034. The loan is expected to be repaid in semiannual installments of \$38,766. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. No amortization schedule is currently available.

The WTP Improvement – OWDA Loan #6490 was funded in 2014, and the financed amount was set at \$4,938,121 at 2% and is expected to mature in 2044. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. No amortization schedule is currently available.

The Wastewater System Improvement – OPWC Loan #CJ10K was established in 2012, and the financed amount was set at \$701,413 at 0% and is expected to mature in 2042. The loan is expected to be repaid in semiannual installments of \$11,691. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

Village of Blanchester
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Debt (continued)

The State Route 28 Water Main Replacement – OPWC Loan #CJ02L was obtained in 2012, and the financed amount was set at \$125,000 at 0% and will mature in 2042. The loan is to be repaid in semiannual installments of \$2,083. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Downtown Water Main-Phase 2 – Ohio Public Works Commission (OPWC) Loan #CJ14M was received in 2012, and the financed amount was set at \$403,084 at 0% and is set to mature in 2043. The loan will be repaid in semiannual installments of \$6,718. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

Water Treatment Plant Improvements – Ohio Public Works Commission (OPWC) Loan #CJ04P was received in 2014, and the financed amount was set at \$1,463,545 at 0% and is set to mature in 2045. The loan will be repaid in semiannual installments of \$24,393. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Sanitary Sewer Phase II – OPWC Loan #CJ04N was obtained in 2013, and the financed amount was set at \$1,154,305 at 0% and is expected to mature in 2044. The loan is expected to be repaid in semiannual installments of \$19,239. The loan is collateralized by sewer receipts. The village has agreed to set utility rates sufficiently to cover OPWC debt service requirements.

The Wastewater System Improvement-Phase 3 – OPWC Loan #CJ02O was funded in 2014, and the financed amount was set at \$1,500,000 at 0% and is expected to mature in 2045. The loan is expected to be repaid in semiannual installments of \$25,000. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Center Street & Main Street Reconstruction – OPWC Loan #CJ16S was obtained in 2016, and the financed amount was set at \$180,000 at 0% and is expected to mature in 2037. The loan is expected to be repaid in semiannual installments of \$4,500. The loan previously being repaid out of the Street Permissive Tax fund, was reexamined in 2019 and it was resolved to pay installments from the cash balance of the Center Main Project Fund until such time as said cash balance is exhausted at which time installments will resume repayment from Street Permissive Tax fund.

The Village received funds in the amount of \$22,393 from OPWC for the Reservoir 3 Project during the fiscal year ended December 31, 2021, but no amortization schedule has been made available by OPWC, so it has not been included in the following amortization schedule showing principal and interest by funding source.

Village of Blanchester
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Debt (continued)

Amortization

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

Year Ending December 31:	Water System Improvement		
	OPWC Loans	OWDA Loans	Bonds
2022	\$ 187,245	\$ 336,703	\$ 140,000
2023	187,245	336,703	139,250
2024	187,245	336,703	143,250
2025	187,245	336,703	141,750
2026	187,245	336,703	-
2027-2031	936,225	1,678,525	-
2032-2036	936,225	1,254,006	-
2037-2041	900,225	1,098,460	-
2042-2045	520,739	659,076	-
Total	<u>\$ 4,229,639</u>	<u>\$ 6,373,582</u>	<u>\$ 564,250</u>

Debt Service Trust Fund

The 2005 Water System Improvement trust agreement required the Village to establish a debt service account to be maintained by a custodian bank. The Village has established this fund.

Fund Balance Adjustments

As part of the 2016-2015 financial statement audit, a finding for adjustment was made against the Water and Sewer Funds and in favor of the Electric Fund in the amount of \$189,800 and \$212,084 respectively. The Water and Sewer Funds do not have a fund balance large enough to repay the Electric Fund all at once. The Village Council passed Resolution 2019-004 on February 14, 2019, setting up a plan for the Water and Sewer Funds to repay the Electric Fund. The following is the repayment schedule approved by the Council.

	Water Fund	Sewer Fund	Total
2018	\$10,000	\$10,000	\$20,000
2019	10,000	10,000	20,000
2020	10,000	10,000	20,000
2021	10,000	10,000	20,000
2022	10,000	10,000	20,000
2023-2027	50,000	50,000	100,000
2028-2032	50,000	50,000	100,000
2033-2037	39,880	50,000	89,800
2038-2039	=	12,084	12,084
Total	<u>\$189,880</u>	<u>\$212,084</u>	<u>\$401,964</u>

The amount owed to the end of 2021 by the Water Fund is \$149,880 and by the Sewer Fund is \$172,084 for a total of \$321,964.

Village of Blanchester
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village's financial condition.

Amounts grantor agencies pay to the Village 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 12 – Jointly Governed Organizations

The Village participates in the Blanchester Marion Joint Fire District. A two-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are the Village of Blanchester and Marion Township. The District provides fire protection and rescue services within District.

Note 13 – Transfers and Advances

During 2021, transfers were made from the Permissive Tax Fund and Water Operating Fund to the Cherry Street Phase 1 Project Fund to subsidize project operations. All transfers were made in accordance with the Ohio Revised Code.

During 2021, an advance was made from the General Fund to the Safe Routes to School Fund. This advance was paid back in full to the General Fund by December 31, 2021.

Note 14 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpended 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 facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Nonspendable:				
Unclaimed Monies	\$ 4,472	\$ -	\$ -	\$ 4,472
Outstanding Encumbrances	997	3,877	36	4,910
Total	\$ 5,469	\$ 3,877	\$ 36	\$ 9,382

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted committed or assigned. The fund balance of permanent funds that are not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Village of Blanchester
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 15 – 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 Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Funds received in 2021 were all expended in 2021 with the exception of \$.05 cents. The remaining balance of \$.05 cents was returned to the State of Ohio in 2021 and the Coronavirus fund on the Village's books has a zero balance.

Note 16 – Prior Period Restatement

The following adjustment is reflected in the January 1, 2021 fund balances:

	General Fund	Permanent Fund	Enterprise Funds
December 31, 2020 audited balances	\$ 990,935	\$ 214,262	\$ 5,851,039
Adjustment to account for canceled checks	221	-	-
Adjustment to correct other adjusting factors	-	-	(24,316)
Adjustment to remove Curless Trust Fund and related activity	(11,202)	(214,262)	-
January 1, 2021 balances	<u><u>\$ 979,954</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,826,723</u></u>

The Village canceled checks that were outstanding and reissued new checks. Following the Village's previous audit, a legal opinion was obtained and determined that the Curless Trust Fund was not the Village's asset and should be removed from its fund balance for financial reporting purposes.

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

Village of Blanchester
Clinton County
318 East Main Street
Blanchester, Ohio 45107

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Village of Blanchester, Clinton County, (the Village) and have issued our report thereon dated November 30, 2024, wherein we noted the Village 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 Village'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 Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village'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 Entity'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 preceding paragraph 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 certain deficiencies in internal control, described in the accompanying schedule of findings as items 2022-001 through 2022-003 that we consider to be material weaknesses.

Village of Blanchester
Clinton County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village'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 instances of noncompliance or other matters we must report under Government Auditing Standards which are described in the accompanying schedule of audit findings as items 2022-003 and 2022-004.

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 Village'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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

November 30, 2024

**VILLAGE OF BLANCHESTER
CLINTON COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED 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

Financial Reporting

Accurate financial reporting is the responsibility of management and is essential to ensure the information provided to the readers of the financial statements accurately reflects the Village's activity. The Village should have procedures in place to prevent or detect material misstatements for the accurate presentation of the Village's financial statements. The Fiscal Officer did not always accurately post receipts and disbursements to the Village's accounting system.

During 2022 and 2021, receipts, disbursements and fund balances were not always posted or classified correctly. The following posting errors were noted:

- The Police Operations activity was incorrectly reported in 2022 and 2021;
- Proprietary Debt Service Fund activity was recorded in the Governmental Debt Service Fund in 2022;
- Unclaimed Monies fund was presented as a Custodial Fund rather than General Fund in 2022;
- The Curless Recreation Permanent Fund was recorded in 2021 but determined to not be a reportable asset of the Village;
- Principal adjustments made by OWDA were not recorded in 2022.
- License Tax revenue was incorrectly classified in Special Revenue funds in 2022;
- Enterprise Fund beginning fund balance was incorrectly recorded as Capital Projects fund balance in 2021.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring several reclassification and adjusting entries. The Financial Statements reflect all reclassifications and adjustments. The Village has made these adjustments to their accounting system.

There were also changes needed to the Village's notes to the financial statements. The notes requiring modification were as follows:

- Budgetary for 2022 and 2021;
- Deposits and Investments for 2022 and 2021;
- Fund Balance for 2022 and 2021;
- Restatement of Fund Balance for 2022 and 2021

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Village Officer's Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

Officials' Response – We did not receive a response from Officials to this finding.

**VILLAGE OF BLANCHESTER
CLINTON COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

FINDING NUMBER 2022-002

Material Weakness

Bank to Book Reconciliations

A proper system of controls ensures that all bank and petty cash accounts are reconciled to the fund balance and financial statements.

We identified the following conditions:

- Cash activity was not always recorded in the accounting system during 2022;
- Cash balances were reconciled through the use of Other Adjusting Factors in 2022 and 2021.

Failure to include all the necessary financial information on the Financial Statements misleads the users of the statements.

Officials' Response – We did not receive a response from Officials to this finding.

FINDING NUMBER 2022-003

Material Weakness/Noncompliance

Budgetary Controls

The budget is an instrument of public policy: A governing board expresses its desires for using a government's limited resources through its appropriations. **Ohio Rev. Code § 5705** deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit we noted several violations of budgetary law which, although they do not in and of themselves result in errors in financial reporting, may lead to the Village making financial decisions based on incorrect or incomplete information. We noted the following:

- Violation of **Ohio Rev. Code § 5705.39** indicating appropriations cannot exceed estimated resources in 2021;
- Violations of **Ohio Rev. Code § 5705.41(B)** indicating budgetary expenditures cannot exceed appropriation authority in 2022 and 2021.

In addition, the Village did not have a control procedure in place to ensure that beginning fund balance, appropriations, and estimated receipts, as authorized by the Village Council and approved by the County Budget Commission, were reconciled to the fund balance, appropriations, and estimated receipts posted to the accounting system in 2022 and 2021.

This resulted in incorrect amounts posted to the accounting system and information available to Village officials to monitor year-to-date total comparisons of budgeted amounts versus actual amounts was not accurate. We recommend the Village implement procedures to ensure estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the Budget Commission after each amendment.

**VILLAGE OF BLANCHESTER
CLINTON COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

FINDING NUMBER 2022-003 (Continued)

Material Weakness/Noncompliance (Continued)

The Village Council should review the requirements of Ohio Rev. Code § 5705 to be familiar with these laws and to make sure the Village is complying with applicable sections. We recommend the Village establish a procedure to ensure the budget is monitored adequately so that expenditures do not exceed appropriation authority and appropriations do not exceed estimated resources.

Officials' Response – We did not receive a response from Officials to this finding.

FINDING NUMBER 2022-004

Noncompliance

Ohio Revised Code Section 135.18(A)(1) states each institution designated as a public depository and awarded public deposits, shall provide security for the repayment of all public deposits by securing all uninsured public deposits of each public depositor separately, or as applicable to Ohio Rev. Code Section 135.182 by establishing and pledging to the treasurer of state a single pool of collateral for the benefit of every public depositor (Ohio Rev. Code Section 135.18(A)(2)).

The only legal method for pooled collateral arrangements in Ohio is through the Ohio Pooled Collateral System (OPCS). The Village did not secure its deposits through the OPCS.

We recommend that the Village work with its financial institutions and the OPCS to ensure all public deposits are secured above FDIC Coverage in accordance with Ohio Revised Code.

Officials' Response – We did not receive a response from Officials to this finding.

**VILLAGE OF BLANCHESTER
CLINTON COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	Financial Reporting	Not Corrected	Repeated as Finding 2022-001
2020-002	Bank to Book Reconciliations	Not Corrected	Repeated as Finding 2022-002
2020-003	Ohio Revised Code Section 135.18(A)(1)	Not Corrected	Repeated as Finding 2022-004

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF BLANCHESTER

CLINTON 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 5/27/2025

65 East State 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