



Dave Yost • Auditor of State



VILLAGE OF BLANCHESTER  
CLINTON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014 .....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2014 .....	6
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013 .....	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2013 .....	8
Notes to the Financial Statements .....	9
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	23
Schedule of Findings.....	25
Schedule of Prior Audit Findings.....	39

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

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 Blanchester, Clinton County, (the Village) as of and for the years ended December 31, 2014 and 2013.

### ***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 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 1 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, 2014 and 2013, or changes in financial position or cash flows thereof for the years then ended.

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

The Village has outsourced insurance claims processing to third party administrator. The financial statements report insurance claims expenses in the Self Insurance Fund (an internal service fund). The third party administrator did not provide us with information we request regarding the design or proper operation of its internal controls for 2013. We are therefore unable to satisfy ourselves as to the proper processing of health insurance claim expenses, those claims represent 43% of the 2013 internal service fund disbursements.

Also, during 2014, the Village transferred funds from the SRBA Fairground Acres Bond Retirement fund to the Sewer Fund, however the Village failed to obtain approval from the court of common pleas as required by Ohio Rev. Code Section 5705.14(C) (1) and 5705.14(B), Had this illegal transfer not been made, the effect would have be to increase the cash fund balance of the SRBA Fairground Acres Bond Retirement Fund by \$23,575 and to decrease the Sewer Fund cash fund balance by \$23,575.

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion on Regulatory Basis of Accounting paragraph, the financial statements referred to above present fairly, in all material respects the combined cash balances of the Village of Blanchester, Clinton County, Ohio as of December 31, 2014 and 2013 and its combined cash receipts and disbursements 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 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2017, 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.

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

February 13, 2017

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**Village of Blanchester**  
*Clinton County*  
**Combined Statement of Receipts, Disbursements**  
**and Changes in Fund Balances (Cash Basis)**  
*All Governmental Fund Types*  
**For the Year Ended December 31, 2014**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$496,973	\$57,179			\$554,152
Intergovernmental	159,420	185,591			345,011
Special Assessments	509			45,448	45,957
Charges for Services	3,340				3,340
Fines, Licenses and Permits	50,223				50,223
Earnings on Investments	78,441	5,537			83,978
Miscellaneous	43,704	4,790			48,494
<i>Total Cash Receipts</i>	<u>832,610</u>	<u>253,097</u>	<u>0</u>	<u>45,448</u>	<u>1,131,155</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	577,325	4,355			581,680
Public Health Services	5,645				5,645
Leisure Time Activities	86,245	14,395			100,640
Community Environment	11,387				11,387
Transportation		308,107			308,107
General Government	239,878			7,616	247,494
Capital Outlay	30,833				30,833
<i>Total Cash Disbursements</i>	<u>951,313</u>	<u>326,857</u>	<u>0</u>	<u>7,616</u>	<u>1,285,786</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(118,703)</u>	<u>(73,760)</u>	<u>0</u>	<u>37,832</u>	<u>(154,631)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Transfers Out			(23,575)		(23,575)
Other Financing Sources	2,013				2,013
Other Financing Uses	(7,954)				(7,954)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(5,941)</u>	<u>0</u>	<u>(23,575)</u>	<u>0</u>	<u>(29,516)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(124,644)</u>	<u>(73,760)</u>	<u>(23,575)</u>	<u>37,832</u>	<u>(184,147)</u>
<i>Fund Cash Balances, January 1</i>	<u>732,056</u>	<u>360,846</u>	<u>23,575</u>	<u>197,170</u>	<u>1,313,647</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	4,461	0	0	0	4,461
Restricted	0	287,086	0	235,002	522,088
Unassigned (Deficit)	602,951				602,951
<i>Fund Cash Balances, December 31</i>	<u>\$607,412</u>	<u>\$287,086</u>	<u>\$0</u>	<u>\$235,002</u>	<u>\$1,129,500</u>

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 (Cash Basis)*  
**All Proprietary Fund Types**  
*For the Year Ended December 31, 2014*

	Enterprise	Internal Service	Totals (Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$8,855,823	\$537,439	\$9,393,262
Miscellaneous	4,195	86,534	90,729
<i>Total Operating Cash Receipts</i>	<u>8,860,018</u>	<u>623,973</u>	<u>9,483,991</u>
<b>Operating Cash Disbursements</b>			
Personal Services	1,198,168		1,198,168
Employee Fringe Benefits	547,616		547,616
Contractual Services	6,322,896	262,988	6,585,884
Supplies and Materials	400,374		400,374
Claims		357,735	357,735
Other	42,147		42,147
<i>Total Operating Cash Disbursements</i>	<u>8,511,201</u>	<u>620,723</u>	<u>9,131,924</u>
<i>Operating Income (Loss)</i>	<u>348,817</u>	<u>3,250</u>	<u>352,067</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	848,646		848,646
Earnings on Investments (proprietary funds only)	16		16
Other Debt Proceeds	4,108,420		4,108,420
Capital Outlay	(4,715,918)		(4,715,918)
Principal Retirement	(596,181)		(596,181)
Interest and Other Fiscal Charges	(182,553)		(182,553)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(537,570)</u>	<u>0</u>	<u>(537,570)</u>
<i>Income (Loss) before Transfers</i>	(188,753)	3,250	(185,503)
Transfers In	361,897		361,897
Transfers Out	(338,322)		(338,322)
<i>Net Change in Fund Cash Balances</i>	(165,178)	3,250	(161,928)
<i>Fund Cash Balances, January 1</i>	<u>5,612,665</u>	<u>34,757</u>	<u>5,647,422</u>
<i>Fund Cash Balances, December 31</i>	<u>\$5,447,487</u>	<u>\$38,007</u>	<u>\$5,485,494</u>

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

**Village of Blanchester**  
*Clinton County*  
**Combined Statement of Receipts, Disbursements**  
**and Changes in Fund Balances (Cash Basis)**  
*All Governmental Fund Types*  
**For the Year Ended December 31, 2013**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$498,674	\$21,069			\$519,743
Intergovernmental	251,361	303,555		21,044	575,960
Special Assessments	2,338			45,492	47,830
Charges for Services	4,359				4,359
Fines, Licenses and Permits	55,462	1,746			57,208
Earnings on Investments	69,494	7,076			76,570
Miscellaneous	48,398	2,213			50,611
<i>Total Cash Receipts</i>	<u>930,086</u>	<u>335,659</u>	<u>0</u>	<u>66,536</u>	<u>1,332,281</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	621,874				621,874
Public Health Services	5,784	3,548			9,332
Leisure Time Activities	87,578	2,832		27,860	118,270
Community Environment	10,423				10,423
Transportation		352,309			352,309
General Government	230,762				230,762
Capital Outlay	21,491			4,197	25,688
Debt Service:					
Principal Retirement				16,121	16,121
Interest and Fiscal Charges				821	821
<i>Total Cash Disbursements</i>	<u>977,912</u>	<u>358,689</u>	<u>0</u>	<u>48,999</u>	<u>1,385,600</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(47,826)</u>	<u>(23,030)</u>	<u>0</u>	<u>17,537</u>	<u>(53,319)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In				6,816	6,816
Transfers Out		(6,816)			(6,816)
Advances In	22,297			22,297	44,594
Advances Out	(22,297)			(22,297)	(44,594)
Other Financing Uses	(16,339)				(16,339)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(16,339)</u>	<u>(6,816)</u>	<u>0</u>	<u>6,816</u>	<u>(16,339)</u>
<i>Fund Cash Balances, January 1, restated</i>	<u>796,221</u>	<u>390,692</u>	<u>23,575</u>	<u>172,817</u>	<u>1,383,305</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	8,472	360,846	23,575	197,170	590,063
Unassigned (Deficit)	723,584	0	0	0	723,584
<i>Fund Cash Balances, December 31</i>	<u>\$732,056</u>	<u>\$360,846</u>	<u>\$23,575</u>	<u>\$197,170</u>	<u>\$1,313,647</u>

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

**Village of Blancheser**  
*Clinton County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Cash Basis)*  
**All Proprietary Fund Types**  
*For the Year Ended December 31, 2013*

	Enterprise	Internal Service	Totals (Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$8,603,723	\$426,550	\$9,030,273
Miscellaneous	345,301	50,557	395,858
<i>Total Operating Cash Receipts</i>	<u>8,949,024</u>	<u>477,107</u>	<u>9,426,131</u>
<b>Operating Cash Disbursements</b>			
Personal Services	1,035,007		1,035,007
Employee Fringe Benefits	443,541		443,541
Contractual Services	6,091,391	270,451	6,361,842
Supplies and Materials	436,591		436,591
Claims		204,098	204,098
Other	42,055		42,055
<i>Total Operating Cash Disbursements</i>	<u>8,048,585</u>	<u>474,549</u>	<u>8,523,134</u>
<i>Operating Income (Loss)</i>	<u>900,439</u>	<u>2,558</u>	<u>902,997</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	2,235,790		2,235,790
Earnings on Investments (proprietary funds only)	81		81
Other Debt Proceeds	2,775,520		2,775,520
Capital Outlay	(5,455,249)		(5,455,249)
Principal Retirement	(505,271)		(505,271)
Interest and Other Fiscal Charges	(136,157)		(136,157)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(1,085,286)</u>	<u>0</u>	<u>(1,085,286)</u>
<i>Net Change in Fund Cash Balances</i>	(184,847)	2,558	(182,289)
<i>Fund Cash Balances, January 1 , restated</i>	<u>5,797,512</u>	<u>32,199</u>	<u>5,829,711</u>
<i>Fund Cash Balances, December 31</i>	<u>\$5,612,665</u>	<u>\$34,757</u>	<u>\$5,647,422</u>

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

**VILLAGE OF BLANCHESTER  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Blanchester, Clinton County, Ohio (the Village) as a body corporate and politic. 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.

The Village participates in a jointly governed organization a public entity risk pool. Notes 8 and 10 to the financial statements provides additional information for this entities. These organizations are:

**Public Entity Risk Pool:**

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (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. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

**Jointly Governed Organizations:**

The Village jointly governs the Blanchester Marion Joint Fire District. The District provides fire protection and rescue services within the District

The Village's management believes these financial statements present all activities for which the Village is financially accountable, except the financial statements do not include debt service funds external custodians maintain. Note 6 to the financial statement describes these assets.

**B. Accounting Basis**

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 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(D) permit.

**C. 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.

Certificates of Deposit are recorded at cost. Money market mutual funds are recorded at share values the mutual funds report.

**VILLAGE OF BLANCHESTER  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**2. 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 - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Permissive Motor Vehicle Tax Fund- This fund receives permissive motor vehicle tax for constructing, maintaining, and repairing Village Streets

**3. 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:

SRBA Fairground AC Fund – This fund accumulates funds for the payment of outstanding the Village’s outstanding indebtedness.

**4. 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:

Natureworks Grant Fund – This fund receives proceeds of a grant to pave the parking lot at the Village park.

Storm Sewer Fund- This fund receives proceeds of an assessment for maintain and repairing the storm water system.

**VILLAGE OF BLANCHESTER  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**5. 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.

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

**6. 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 – This fund receives insurance premium payments from other funds to pay medical claims of employees enrolled in the health insurance plan.

**E. Budgetary Process**

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

**1. 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. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

VILLAGE OF BLANCHESTER  
CLINTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)

1. Summary of Significant Accounting Policies (Continued)

F. 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:

1. **Nonspendable**

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. **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.

3. **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.

4. **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.

5. **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.

G. Property, Plant, and Equipment

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



**VILLAGE OF BLANCHESTER  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**H. 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.

**2. Equity in Pooled 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:

	2014	2013
Demand deposits		
Certificates of deposit	5,752,436	5,947,779
Other time deposits (savings and NOW accounts)	374,627	360,343
Total deposits	6,127,063	6,308,122
Money Market Mutual Fund	487,931	652,947
Total investments	487,931	652,947
Total deposits and investments	\$6,614,994	\$6,961,069

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

**Investments:** A financial institution's trust department reports the Village's mutual funds which are not evidenced by securities that exist in physical or book-entry form.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

Fund Type	2014 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$839,383	\$834,623	(\$4,760)
Special Revenue	247,987	253,097	5,110
Debt Service	0	0	0
Capital Projects	45,448	45,448	0
Enterprise	14,583,795	14,178,997	(404,798)
Internal Service	602,937	623,973	21,036
Total	\$16,319,550	\$15,936,138	(\$383,412)

**VILLAGE OF BLANCHESTER  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**3. Budgetary Activity (Continued)**

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,031,415	\$959,267	\$72,148
Special Revenue	348,275	326,857	21,418
Debt Service	23,574	23,574	0
Capital Projects	26,570	7,616	18,954
Enterprise	15,900,742	14,344,175	1,556,567
Internal Service	637,780	620,723	17,057
Total	<u>\$17,968,356</u>	<u>\$16,282,212</u>	<u>\$1,686,144</u>

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$933,783	\$952,383	\$18,600
Special Revenue	335,659	335,659	0
Debt Service	0	0	0
Capital Projects	95,649	95,649	0
Enterprise	14,192,914	13,960,415	(232,499)
Internal Service	464,098	477,107	13,009
Total	<u>\$16,022,103</u>	<u>\$15,821,213</u>	<u>(\$200,890)</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,124,396	\$1,016,548	\$107,848
Special Revenue	392,214	365,505	26,709
Debt Service	0	0	0
Capital Projects	71,327	71,296	31
Enterprise	18,038,879	14,145,262	3,893,617
Internal Service	510,000	474,549	35,451
Total	<u>\$20,136,816</u>	<u>\$16,073,160</u>	<u>\$4,063,656</u>

**4. Property Tax**

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 payment is due the following June 20.

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

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  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**5. Debt**

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
Equalization Basin - OWDA	\$36,196	0%
Water Main Replacement Phase 1 - OWDA	\$46,761	2%
Sewer System Improvements Phase 2 - OWDA	\$1,069,528	1%
Wastewater System Improvements Phase 3 - OWDA	\$802,057	1%
Water Treatment Plant Improvements - OWDA	\$2,413,980	2%
Wastewater Treatment Plant - OPWC	\$259,648	0%
Equalization Basin - OPWC	\$631,272	0%
SR 28 Water Main Replacement - OPWC	\$112,490	0%
Downtown Water Main Phase 2 - OPWC	\$376,212	0%
Sanitary Sewer Phase 2 - OPWC	\$1,096,590	0%
Wastewater System Improvements Phase 3 - OPWC	\$1,475,000	0%
Water Treatment Plant Improvements - OPWC	\$1,463,545	0%
Sanitary Sewer Revenue Bonds	\$704,583	2.6-5.7%
Water System Improvement Bonds	\$1,138,292	3.25-4.9%
Total	\$11,626,154	

The Equalization Basin (OWDA) Loan 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 will be repaid in semiannual installments of \$1,248. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Water Main Replacement Phase I (OWDA) Loan was initiated in 2011 and the financed amount was set at \$743,179 at 2% and matures in 2031. As of December 31, 2014, \$156,423 had been drawn on the loan. The loan is expected to be repaid in semiannual installments of \$22,634. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. As of December 31, 2014, \$46,761 is the balance on the loan. Since the full amount has not been disbursed and the loan has not been fully amortized, the future funding requirements for the retirement of this loan have not been included in the amortization schedule below.

The Sewer System Improvement Phase 2 (OWDA) Loan was initiated in 2011 and the financed amount was set at \$1,328,562 at 1% and matures in 2032. As of December 31, 2014, \$1,252,265 had been drawn on the loan. The loan is expected to be repaid in semiannual installments of \$36,729. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. As of December 31, 2014, \$1,069,528 is the balance on the loan. Since the full amount has not been disbursed and the loan has not been fully amortized, the future funding requirements for the retirement of this loan have not been included in the amortization schedule below.

**VILLAGE OF BLANCHESTER  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**5. Debt (Continued)**

The Wastewater System Improvement Phase 3 (OWDA) Loan was funded in 2012 and the financed amount was set at \$1,402,263 at 1% and is expected to mature in 2034. As of December 31, 2014, \$862,691 had been drawn on the loan. 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. As of December 31, 2014, \$802,057 is the balance on the loan. Since the full amount has not been disbursed and the loan has not been fully amortized, the future funding requirements for the retirement of this loan have not been included in the amortization schedule below.

The Water Treatment Plant Improvements (OWDA) Loan was funded in 2013 and the financed amount was set at \$4,938,121 at 2% and is expected to mature in 2044. As of December 31, 2014, \$2,470,464 had been drawn on the loan. The loan is expected to be repaid in semiannual installments of \$109,846. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. As of December 31, 2014, \$2,413,980 is the balance on the loan. Since the full amount has not been disbursed and the loan has not been fully amortized, the future funding requirements for the retirement of this loan have not been included in the amortization schedule below.

The Wastewater Treatment Plant (OPWC) Loan for the Blanchester WWTP was issued on July 1, 1998 in the amount of \$1,483,700 and matures July 1, 2018. The loan will be repaid in semiannual installments of \$37,093. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. As of December 31, 2014, \$259,648 is the balance on the loan.

The Equalization Basin (OPWC) relates to an upgrade to the Blanchester Wastewater project. The OPWC loan was approved on July 1, 2007 at 0% in the amount of \$800,000 and is set to mature January 1, 2042. As of December 31, 2014, \$701,413 had been drawn on the loan. The loan will be repaid in semi-annual payments of \$11,290. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. As of December 31, 2014, \$631,272 is the balance on the loan. Since the full amount has not been disbursed and the loan has not been fully amortized, the future funding requirements for the retirement of this loan have not been included in the amortization schedule below.

The State Route 28 Water Main Replacement (OPWC) Loan was funded in 2012 and the financed amount was set at \$125,000 at 0% and is expected to mature in 2038. The loan is expected 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. As of December 31, 2014, \$112,490 is the balance on the loan.

The Downtown Water Main Phase 2 (OPWC) Loan was funded 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. As of December 31, 2014, \$367,212 is the balance on the loan.

**VILLAGE OF BLANCHESTER  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**5. Debt (Continued)**

The Sanitary Sewer Phase 2 (OPWC) Loan was funded in 2013 and the financed amount was set at \$1,765,599 at 0% and is set to mature in 2043. As of December 31, 2014, \$1,154,305 had been drawn on the loan. The loan will be repaid in semiannual installments of \$19,238. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. As of December 31, 2014, \$1,096,589 is the balance on the loan. Since the full amount has not been disbursed and the loan has not been fully amortized, the future funding requirements for the retirement of this loan have not been included in the amortization schedule below.

The Wastewater System Improvements Phase 3 (OPWC) Loan was funded in 2013 and the financed amount was set at \$1,500,000 at 0% and is set to mature in 2044. The loan will 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. As of December 31, 2014, \$1,475,000 is the balance on the loan.

The Water Treatment Plant Improvements (OPWC) Loan was funded in 2014 and the financed amount was set at \$1,463,545 at 0% and is set to mature in 2044. The loan will be repaid in semiannual installments of \$24,392. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. As of December 31, 2014, \$1,463,545 is the balance on the loan.

Series 2009 Refunding Bonds in the amount of \$1,315,000 were issued to refund the remaining Sanitary Sewer Revenue Bonds that were issued December 1, 1993. The bonds were originally for the acquisition and development of sewer system improvements. The revenue and income of the Village's utilities have been pledged to repay these debts. As required by the Sewer Revenue Bond covenant, the Village has established and funded the required debt service replacement and improvement fund and debt service reserve, included as enterprise funds. The balance in the funds at December 21, 2014 was \$127,750 and \$131,714, respectively.

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 balance in the funds at December 31, 2014 is \$50,000 and \$152,731, respectively.

As noted above, certain outstanding debts that have not been finalized or amortized are not reflected below. Amortization of the finalized debt from above, including interest, is scheduled as follows:

**VILLAGE OF BLANCHESTER  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**5. Debt (Continued)**

Year ending December 31:	Equalization Basin (OWDA)	Wastewater Treatment Plant (OPWC)	SR 28 Water Main Replacement (OPWC)	Downtown Water Main Phase 2 (OPWC)	Wastewater System Improvements Phase 3 (OPWC)
2015	\$2,496	\$37,093	\$2,083	\$6,718	\$25,000
2016	\$2,496	\$74,185	\$4,166	\$13,436	\$50,000
2017	\$2,496	\$74,185	\$4,166	\$13,436	\$50,000
2018	\$2,496	\$74,185	\$4,166	\$13,436	\$50,000
2019	\$2,496		\$4,166	\$13,436	\$50,000
2020-2024	\$12,482		\$20,830	\$67,181	\$250,000
2025-2029	\$11,234		\$20,830	\$67,181	\$250,000
2030-2034			\$20,833	\$67,181	\$250,000
2035-2039			\$20,833	\$67,181	\$250,000
2040-2044			\$10,417	\$47,024	\$250,000
2045-2049					
Total	\$36,196	\$259,648	\$112,490	\$376,210	\$1,475,000

Year ending December 31:	Water Treatment Plant Improvements (OPWC)	Sanitary Sewer Revenue Bonds	Water System Improvement Bonds	Totals
2015	\$24,392	\$155,925	\$141,840	\$395,547
2016	\$48,785	160,925	143,100	497,093
2017	\$48,785	165,255	139,050	497,373
2018	\$48,785	158,875	139,910	491,853
2019	\$48,785	162,169	140,445	421,497
2020-2024	\$243,924		703,645	1,298,062
2025-2029	\$243,924		141,750	734,919
2030-2034	\$243,924			581,938
2035-2039	\$243,924			581,938
2040-2044	\$243,924			551,365
2045-2049	\$24,393			24,393
Total	\$1,463,545	\$803,149	\$1,549,740	\$6,075,978

**6. Debt Service Trust Funds**

The 2009 Sanitary Sewer Bond Refunding bond agreement required the Village to establish a debt service fund to be maintained by a custodian bank. The Village has established this fund. At December 31, 2014, the custodian held \$13,459 in Village assets. The accompanying financial statements do not include these assets or the related receipts and disbursements.

The 2005 Water System Improvement trust agreement required the Village to establish a debt service fund to be maintained by a custodian bank. The Village has established this fund. At December 31, 2014, the custodian held \$62,812 in Village assets. The accompanying financial statements do not include these assets or the related receipts and disbursements.

**VILLAGE OF BLANCHESTER  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**7. Retirement Systems**

The Village's 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 postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OP&F participants contributed 10% from January 1, 2013 to Jun 30, 2013, 10.75% from July 1, 2013 to June 30, 2014, and from 11.5% from July 1, 2014 to December 31, 2014 of their wages. For 2014 and 2013, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2014 and 2013, 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, 2014.

**8. Risk Management**

**Risk Pool Membership**

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (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, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014.

VILLAGE OF BLANCHESTER  
CLINTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)

**8. Risk Management (Continued)**

	<u>2013</u>	<u>2014</u>
Assets	\$13,774,304	\$14,830,185
Liabilities	<u>(7,968,395)</u>	<u>(8,942,504)</u>
Members' Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**9. Self Insurance**

The Village is also self-insured for employee health insurance. The Self Insurance Fund pays covered claims to service providers, and recovers these costs from charges to other funds based on an actuarially determined cost per employee.

**10. Jointly Governed Organizations**

The Village jointly governs 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  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**11. Prior Period Restatement**

The Cash Fund Balances at December 31, 2012 have been restated to reclassify funds with debt service and capital project activity related to the enterprise activity. These funds have previously been reported as Debt Service and Capital Project Funds and are being reclassified as Enterprise Funds.

	<b>Debt Service Fund Type</b>	<b>Capital Projects Fund Type</b>	<b>Enterprise Fund Type</b>
Fund Balance, December 31, 2012	\$51,611	\$306,787	\$5,635,506
Treatment Plant Retirement Fund	(22,253)		22,253
Water Tower Retirement Fund	(5,783)		5,783
Water Tower Project Fund		(47,645)	47,645
Phase I Water Main Fund		(17,397)	17,397
EQ Basin Other Fund		(1,280)	1,280
Water Master Plan Fund		(29,757)	29,757
EQ Basin Project Fund		(9,179)	9,179
Sewer System Phase II Fund		(5,534)	5,534
Sanitary Sewer Phase III Fund		(23,178)	23,178
Restated Fund Balance, January 1, 2013	\$23,575	\$172,817	\$5,797,512

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# Dave Yost • Auditor of State

## 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 and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Blanchester, Clinton County, (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated February 13, 2017, wherein we noted the Village followed reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. We modified our opinion on the 2013 financial statements because the Village's third party administrator did not provide us with information regarding the processing of health insurance claims reported in the Villages internal service fund, and we modified our opinion on the 2014 financial statements because the Village failed to obtain court of common pleas approval for a transfer from the SRBA Fairground Acres Bond Retirement Fund to the Sewer Fund

### ***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 opinions 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.

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. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and significant deficiencies.

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 a 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. We consider findings 2014-001, 2014-005 through 2014-007, and 2014-009 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2014-003, 2014-004, and 2014-008 described in the accompanying schedule of findings to be significant deficiencies.

### ***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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2014-002, 2014-004, 2014-006, and 2014-009.

### ***Village's Response to Findings***

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

### ***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 communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

February 13, 2017

**VILLAGE OF BLANCHESTER  
CLINTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2014-001**

**Material Weakness - Self-Insurance Fund**

The Village of Blanchester is self-insured for employee health care insurance. The Village contracts with a third party administrator to process insurance claims, purchase stop loss insurance, monitor stop loss payment amounts and establish employee rates. An effective system of internal controls would allow for the Village to adequately fund, report and monitor self-insurance activities.

We noted the following conditions related to the Villages self-insurance fund:

- The Village is responsible for notifying the third party administrator of employees that are no longer covered. During the period we identified an employee that was not removed from the plan until eight months after the coverage was no longer effective.
- The Village did not fund the internal service fund based on the rate established by their third party administrator.
- The Village did not remit the employee withholdings into to the self-insurance fund timely. The May 23, 2013 pay period was the last time the employee portion was remitted during the audit period, causing the balance of the Village payroll account to be overstated and the self-insurance fund balance to be understated. The Village failed to remit employee withholdings to the self-insurance fund in the amount of \$13,009 for 2013, and \$21,886 for 2014.
- Village remitted the employer portion to the self-insurance fund, but did not account for the employee paid portion when calculating the amount to be remitted to the self-insurance fund. As a result, the self-insurance fund received \$147,639 less than recommended by the third party administrator in 2013 and \$7,447 more than recommended in 2014.

Failure to remit to the self-insurance fund based on the rates determined by the third party administrator could result in fund balances that are insufficient to cover claims and could cause unnecessary swings in the per employee rates. Failure to remove employees timely could result in claim payments for employees that are no longer covered.

We also noted that during the audit period, the Village did not have account codes adequate to accurately classify receipts and on the financial statements. The following audit adjustments have been posted to the Village's financial statements and accounting system where applicable.

**FINDING NUMBER 2014-001  
 (Continued)**

Year	Description	Amount	Proper Classification	Classification Reported
2013	Insurance amounts charged to employees and funds	\$413,541	Charges for Services	Miscellaneous Receipts
2013	Payroll withholdings for insurance held in the payroll account	13,009	Charges for Services	Not reported
2013	Amounts paid for services purchased	270,451	Contractual Services	Other Disbursements
2013	Amounts paid for claims	204,098	Claims	Other Disbursements
2014	Stop loss reimbursements	86,534	Miscellaneous Receipts	Charges for Services
2014	Payroll withholdings for insurance held in the payroll account	21,036	Charges for Services	Not reported
2014	Amounts paid for services purchased	262,988	Contractual Services	Other Disbursements
2014	Amounts paid for claims	15,968	Claims	Other Disbursements

The Village should develop and implement controls to ensure that the Village is funding the internal service fund based on the estimates provided by the third party administrator, remitting all withholdings from the payroll account to the internal service fund, reviewing the covered employees monthly, and accurately classifying all receipt and disbursement classifications.

**Village Fiscal Officer Response:** The Fiscal Officer has put into place a routine of reviewing subsequent employee rosters sent by the third party administrator in order to confirm an employee's removal from the policy and subsequently making contact with the third party administrator if not removed timely. The Fiscal Officer will transfer all withholdings and retention amounts as the third party administrator outlines, and will also confirm that balances and employer withholdings are considered by third party administrator and are taken into account when calculating for future retention amounts.

**FINDING NUMBER 2014-002**

**Noncompliance Citation / Finding for Recovery Repaid Under Audit - Credit Card Expenditures**

**State ex rel. McClure V. Hagerman, 155 Ohio St. 320 (1951)**, provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only.

**Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose** states that the Auditor of State's Office will only question expenditures were the legislative determination of a public purpose if manifestly arbitrary and incorrect. .

**FINDING NUMBER 2014-002  
 (Continued)**

We identified 4 purchases made during the audit period totaling \$656 which were not for a proper public purpose.

- Newseum Museum \$84
- Hilton Columbus – Movies 69
- AAA Membership 110
- Interest & Fees 393

We also identified 92 credit card expenditures that were not supported by receipts totaling \$6,480. Of these expenditures we were able to perform alternative procedures to determine \$3,725 were expended for a proper public purpose. We were unable to determine the whether following expenditures totaling \$2,755 were for a proper public purpose.

VENDOR	AMOUNT
Kroger	629
Office Depot	458
Mr. Clean Carwash	100
Fox Towing	70
Hyatt Regency	717
Solo Incorporated	92
Lowe's	492
Speedway	44
Mikes Carwash	68
Hilton Columbus	55
Consumer Reports	30

Jim Myers, who served as Village of Blanchester Board of Public Affairs Business Manager approved the credit card invoices and submitted them for payment resulting in the finding. In accordance with the forgoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Jim Myers, Board of Public Affairs (BPA) Business Manager, and his bonding company Ohio Risk Management, Inc, in the amount of \$3,411, and in favor of the Village of Blanchester BPA Electric Fund.

On January 30, 2017, Jim Myers paid \$3,411 to the Village of Blanchester BPA Electric Fund to repay this finding in full.

**Board of Public Affairs Official Response:** The credit card expenditures as outlined in Finding 2014-002 represent good-faith purchases of goods and services made on behalf, and for the benefit of the Board. Credit card receipts for certain expenditures were not obtainable in the intervening years since the expenditures were made. The Board would submit that alternate procedures, including but not limited to the demonstration of a pattern of purchasing from certain vendors as customary, and therefore sufficient, to establish proper public purpose. The Board concedes a finding for unsupported charges for lack of documentation, but objects to characterization of the expenditures as “illegally expended”.

**Auditor of State’s Conclusion:** Ohio Revised Code section 117.28 describes the recovery process when an audit report “. . . sets forth that any public money has been illegally expended, or that any public money collected has not been accounted for, or that any public money due has not been collected, or that any public property has been converted or misappropriated . . .” The Auditor of State was able to verify through alternative procedures that \$3,725 in credit card charges were of a proper public purpose. The remaining charges are not considered legal because of the Village’s failure to provide evidence that the charges were for a proper public purpose, and are therefore considered illegally expended.

### FINDING NUMBER 2014-003

#### Significant Deficiency - Credit Card Policy

If an entity has authority to secure and to use a credit card, the governing body should create and adopt a credit card use policy to strengthen and to maintain internal controls over credit card transactions.

We identified the following conditions related to credit card usage by the Board of Public Affairs (Board):

- The Board did not maintain itemized receipts for 44 expenditures totaling \$4,330.
- The Board did not maintain any supporting documentation for 92 expenditures totaling \$6,480. We were able to perform alternative audit procedures to determine that \$3,725 was expended for proper public purpose. We have issued a finding for recovery for the remaining \$2,755 unsupported charges
- The Board paid \$4,674 for 25 credit card expenditures for meals that exceeded the General Services Administration recommended per diem rates for meal and incidental expenses.
- The Board paid \$2,247 for 70 credit card expenditures for food purchased at local restaurants
- The Board did not have a policy that provided any guidance regarding what type of expenses were allowable.

Failure of the Board to provide detailed guidance regarding required supporting documentation, allowable expenses, and review of charges for reasonableness resulted in purchases that were not proper public purposes. The absence of an appropriate policy and thorough monitoring of this activity increases the risk of unauthorized and/or otherwise improper expenditures that do not further the public purpose of the entity and are likely to result in audit findings or other sanctions.

We recommend that the Board adopt a credit card policy and develop written procedures that could include the following provisions:

- Designation of the person or persons who are empowered to authorize and approve credit card transactions;
- The names and job titles of officers or employees who are authorized to use cards;
- Limits on the total dollar amount each authorized card user may incur as part of any individual transaction;
- A clear indication that the credit card may be used only for official business and for the benefit of the public entity;
- The disciplinary action or range of disciplinary actions which may be taken in the instances in which the credit card is utilized for other than a proper public expenditure/purpose or in violation of the entity's policies and procedures;
- A prohibition of cash withdrawals;
- A description of the documents which are to be created or secured, and maintained so as to create and preserve an appropriate audit trail;



**FINDING NUMBER 2014-003  
(Continued)**

- A statement signed by each potential card user acknowledging that he/she has read, understands, and agrees to abide by the credit card policy;
- A requirement that the cardholders cannot benefit through any type of awards program offered in connection with credit card use (e.g., frequent flier miles), and:
- A stipulation that cardholders immediately notify their direct supervisor of the credit card is lost or stolen.

We also recommend that procedures be implemented that include a detailed examination of charges and resolution of questioned items.

**Board of Public Affairs Official Response:** The Board of Public Affairs is in the process of developing a credit card policy and written procedures as recommended in this report.

**FINDING NUMBER 2014-004**

**Noncompliance Citation / Finding for Recovery Repaid Under Audit / Significant Deficiency – Travel Policy**

The Board of Public Affairs (BPA) Business Manager Jim Myers, incurred out-of-town travel expenses during the audit period that were paid by the BPA. During this period, the BPA did not have a travel policy related to expenses incurred while the BPA Business Manager was traveling.

The BPA issued Mr. Myers a check in the amount of \$600, on February 21, 2013, prior to out of state travel to pay for travel related expenses. However, Mr. Myers provided travel receipts in the amount of \$377 as documentation for trip expenses. As a result Mr. Myers was paid \$223 in excess of documented travel receipts.

In accordance with the forgoing facts and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against Jim Myers, Board of Public Affairs (BPA) Business Manager, and his bonding company Ohio Risk Management, Inc., in the amount of \$223 and in favor of the Village of Blanchester Electric fund.

On January 30, 2017, Jim Myers paid \$223 to the Village of Blanchester BPA Electric Fund to repay this finding in full.

To help manage and facilitate travel request and reimbursement processes, entities establish travel policies. A travel policy should contain controls to prevent abuses, foster accountability and ensure appropriate levels of reimbursement.

We recommend the Board adopt a travel policy and develop written procedures that could include the following:

- A statement indicating that employees will be held responsible for unauthorized costs and additional expenses incurred for personal preference or convenience;
- A description of authorized and unauthorized expenses;

**FINDING NUMBER 2014-004  
(Continued)**

- A requirement that employees must substantiate travel expenses with original receipts, or if a per diem meal amount is provided, employees are responsible for expenses above and beyond the per diem;
- Guidance on reimbursable miscellaneous transportation expenses such as parking or taxi fares;
- A stipulation that overnight lodging is only reimbursable outside a predefined number of miles or travel time from the employee's residence or official headquarters;
- A stipulation that employees are only entitled to reimbursement for meal expenses incurred during an overnight stay;
- A provision requiring reimbursement for gratuities not to exceed 15 percent of the purchased meal;
- A provision stipulating that if meals are included in registration fees, duplicate meals shall not be reimbursed.

**Board of Public Affairs Official Response:** The travel reimbursements as outlined in Finding 2014-004 represent good-faith purchases of goods and services made on behalf, and for the benefit of the Board. The Board would submit that alternate procedures, including but not limited to the demonstration of a pattern of purchasing from certain vendors as customary, and therefore sufficient, to establish proper public purpose. Jim Myers had provided receipts from 2014 and previous years that demonstrated a pattern of using his personal credit card to pay the cost for check-in luggage when traveling to and from Washington, D.C. The village's credit card would not be accepted at the kiosk machine. As the receipts for the 2013 trip could not be located, the Board concedes a finding for unsupported charges for lack of documentation, but objects to characterization of the expenditures as "illegally expended".

**Auditor of State's Conclusion:** Ohio Revised Code section 117.28 describes the recovery process when an audit report ". . . sets forth that any public money has been illegally expended, or that any public money collected has not been accounted for, or that any public money due has not been collected, or that any public property has been converted or misappropriated . . ." As stated in this finding, Mr. Meyer was paid \$223 in excess of documented travel receipts. This excess payment is not considered legal, and is therefore considered illegally expended.

**FINDING NUMBER 2014-005**

**Material Weakness – Service Organization**

The Village has delegated its claims service activity, which is a significant accounting function, to the third-party administrator, Avalon Benefit Services. A Statement on Standards for Attestation Engagements No. 16 Reporting on Controls at a Service Organization (SSAE No. 16) Report was obtained for Avalon for 2014, but not for 2013.

The Village has not established procedures to reasonably determine whether the service organization has sufficient controls in place and operating effectively to reduce the risk that claims service activity has not been completely and accurately processed for the period not covered by the SSAE No. 16 SOC 1 report. The Village did not obtain a copy of the 2014 report until requested for audit and had not reviewed the report which indicated an instance of a control failure.

The third party administrator did not provide the Village with the information regarding the design or proper operation of its internal controls for 2013. We were unable to obtain sufficient audit evidence supporting completeness and accuracy the amounts recorded as insurance claims expense in the self-insurance fund, as a result, we have modified our opinion.

**FINDING NUMBER 2014-005**  
**(Continued)**

The Village has also delegated its investment decisions, which are a significant accounting function, to the third-party administrator, National Bank & Trust (NB&T). The Village also uses NB&T as its debt trustee bank for the payment of the following debt and related reserve accounts:

- 2005 Water System Improvement Revenue Bonds
- 2009 Sewer Bond Refunding

The Village has not established procedures to reasonably determine whether the service organization has sufficient controls in place and operating effectively to reduce the risk that debt payments and investment transactions have been completely and accurately processed. We were able to perform alternative procedures to meet audit objectives related to the debt trustee and investment transactions.

The Village should implement procedures to reasonably assure the completeness, of investment and debt payment activity processed by NB&T. and the completeness and accuracy of claims service activity processed by Avalon Benefit Services. SSAE No. 16, prescribes standards for reporting on service organizations. An unmodified Type Two Report on Management's Description of a Service Organization's System and the Suitability of Design and Operating Effectiveness of Controls in accordance with SSAE No. 16 should provide the District with reasonable assurance that investing, and debt trustee services are being processed in accordance with their respective contract.

Where alternative procedures cannot be performed to meet objectives, we recommend the Village specify in contracts with their service organizations that an annual Type Two Service Organization Report (SOC) 1 audit be performed. The Village should be provided a copy of the Type Two SOC 1 report timely and should review the report's content. A Type Two SOC 1 audit report should be conducted in accordance with American Institute of Certified Public Accountants' (AICPA) standards by a firm registered and considered in "good standing" with the Accountancy Board of the respective State. We recommend you only contract with a service organization that will provide you with such a report.

As an alternative to this report the Village may monitor claims its administrator processes. The Village can monitor these claims by obtaining reports of processed claims, selecting approved claims from the list, and then re-determining:

- The Claimant's eligibility
- The eligibility of the service
- Whether the amount paid was in accordance with the contract, net of deductibles.

This normally requires assistance from someone with sufficient understanding of health insurance.

**Village Fiscal Officer Response:** Fiscal Officer will continue in attempts to request third party claims processing to perform annual audits rather than bi-annual audits.

**FINDING NUMBER 2014-006**

**Noncompliance Citation / Material Weakness - Disbursement Allocations**

**Ohio Rev. Code, §5705.10**, provides that money paid into a fund shall be used only for the purpose for which such a fund is established.

Employee time should be carefully documented and verified as eligible for payment from the fund from which it is paid. If such documentation is not maintained by the Village, compensation should be paid from the General Fund. Failure to adequately document time could result in a restricted fund paying for work that is not for the purpose for which the fund was established.

*Board of Public Affairs (BPA) Payroll Allocation*

The payroll related to certain BPA employees was paid solely from the Electric Fund during the audit period. However, these individuals also perform work related to the Sewer, and Water departments. During the audit, the BPA provided us with a reallocation of the payroll to the appropriate funds as follows:

<b>BPA Payroll Disbursement Reallocation</b>			
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>
<b>2013 Payroll Allocation</b>	(\$118,149)	\$46,204	\$71,945
<b>2014 Payroll Allocation</b>	(116,035)	75,540	40,495

*Street Department Payroll Allocation*

Street employees are paid from various funds; however, time card documentation did not agree to the Villages allocation of payroll during the audit period. During the audit, the Village calculated a reallocation of payroll to the appropriate funds based on employee time cards, as follows:

<b>Street Department Payroll Disbursement Reallocation</b>				
	<b>Street Fund</b>	<b>Storm Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>State Hwy Fund</b>
<b>2013 Payroll Allocation</b>	\$21,689	\$3,372	(\$13,574)	(\$11,487)
<b>2014 Payroll Allocation</b>	19,456	438	(10,997)	(8,897)

*BPA Expenditures Posted to Electric Fund*

During our review of expenditures, we noted that certain supplies and equipment disbursements paid from the Electric Fund benefited other BPA funds. During the audit, the BPA provided us with a reallocation of supplies and equipment disbursements to the appropriate as follows:

<b>BPA Supplies and Equipment Disbursement Reallocation</b>			
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>
<b>2013 Supplies/Equipment Allocation</b>	(\$87,303)	\$35,573	\$51,730
<b>2014 Supplies/Equipment Allocation</b>	(80,477)	32,563	47,914

The Village should ensure that payroll and disbursements paid from restricted funds are documented and accurately allocated. The Village posted audit adjustments to the financial statements and accounting records to accurately reflect Street employees' payroll and disbursements to the proper funds. However the Village did not post audit adjustments to the financial statements or accounting records to correct the payroll and supplies and equipment allocation for the BPA funds.

**FINDING NUMBER 2014-006  
(Continued)**

In accordance with the foregoing we hereby issue a finding for adjustment in the amount of \$189,880 against the Water Fund and \$212,084 against the Sewer Fund and in favor of the Electric Fund for \$401,964.

**Village Fiscal Officer Response:** The Fiscal Officer has assisted the Street Department Supervisor with allocating department time cards in a more uniform fashion in order to be more easily understood by the person entering time into the payroll system.

**FINDING NUMBER 2014-007**

**Material Weakness – Accounting System**

Governments are required to maintain an accounting system and accounting records sufficient to identify, assemble, analyze, classify and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

We identified the following conditions in the Village's financial statements:

- The 2013 financial statements contained footing errors and did not accurately classify fund balances. Because of the calculation errors, the total fund balance reported on the financial statements did not agree to the Cash Position report from the Village's accounting system.
- The Village did not accurately and completely record Motor Vehicle and License (MVL) receipts, county-levied Permissive Motor Vehicle and License (PMVL) receipts, Capital Outlay, (OWDA & OPWC) State Grant receipts and loan proceeds and disbursements, including on-behalf transactions.
- The Village incorrectly classified four Debt Service Funds as Enterprise Funds. The Village also incorrectly classified seven Capital Project funds as Enterprise Funds.

**FINDING NUMBER 2014-007  
(Continued)**

These conditions resulted in the following audit adjustments:

<b>Year</b>	<b>Item</b>	<b>Amount</b>	<b>Proper Fund/ Classification</b>	<b>Fund/Classification Reported</b>
2013	Capital Outlay	\$21,491	General Fund – Capital Outlay	General Fund – Security of Persons & Property
2013	Village Levied PMVL	21,067	Special Revenue Funds – Taxes Revenue	Special Revenue Funds – Intergovernmental Revenue
2013	County Distributed MVL	30,382	Special Revenue Funds- Intergovernmental Revenue	Special Revenue Funds – Taxes Revenue
2013	Debt Reserve – Treatment Plant Reserve	131,703	Enterprise Fund – Beginning Balance	Debt Service Fund – Beginning Balance
2013	Debt Reserve – Water Tower Reserve	152,718	Enterprise Fund – Beginning Balance	Debt Service Fund – Beginning Balance
2013	Treatment Plant Retirement	22,254	Enterprise Fund – Beginning Balance	Debt Service Fund – Beginning Balance
2013	Water Tower Retirement	5,783	Enterprise Fund – Beginning Balance	Debt Service Fund – Beginning Balance
2013	Water Tower Project	47,645	Enterprise Fund – Beginning Balance	Capital Project Fund – Beginning Balance
2013	Phase 1 Water Main	17,397	Enterprise Fund – Beginning Balance	Capital Project Fund – Beginning Balance
2013	Water Master Plan	29,757	Enterprise Fund – Beginning Balance	Capital Project Fund – Beginning Balance
2013	EQ Basin Project	9,179	Enterprise Fund – Beginning Balance	Capital Project Fund – Beginning Balance
2013	EQ Basing Other Fund	1,280	Enterprise Fund – Beginning Balance	Capital Project Fund – Beginning Balance
2013	Sewer System – Phase II	5,534	Enterprise Fund – Beginning Balance	Capital Project Fund – Beginning Balance
2013	Sanitary Sewer – Phase II	23,178	Enterprise Fund – Beginning Balance	Capital Project Fund – Beginning Balance
2013	Storm Water Assessments	45,492	Capital Project Fund- Special Assessment Revenue	Capital Project Fund – Intergovernmental Revenue
2013	Principal Payment	16,121	Capital Project Fund – Principal Retirement Expenditure	Capital Project Fund – General Government Expenditure
2013	Pass Through Capital Grants	413,932	Enterprise Fund – Intergovernmental Revenue	Not Recorded in 2013

**FINDING NUMBER 2014-007  
 (Continued)**

Year	Item	Amount	Proper Fund/ Classification	Fund/Classification Reported
2013	Pass Through Loan Proceeds	\$186,918	Enterprise Fund – Debt Proceeds	Not Recorded in 2013
2013	Pass through Capital Grants Expenditures and Loan Expenditures	600,850	Enterprise Fund – Capital Outlay	Not Recorded in 2013
2014	County Distributed MVL	31,228	Special Revenue Funds- Intergovernmental Revenue	Special Revenue Funds – Taxes Revenue
2014	Pass Through Debt Proceeds	4,078,912	Enterprise Fund – Debt Proceeds	Enterprise Fund – Intergovernmental Revenue
2014	Pass Through Loan Proceeds	29,508	Enterprise Fund – Debt Proceeds	Not Recorded in 2014
2014	Pass through Capital Grants Expenditures and Loan Expenditures	29,508	Enterprise Fund – Capital Outlay	Not Recorded in 2014

These adjustments were posted to the Village’s accounting records and financial statements.

Failure to completely and accurately post transactions resulted in inaccurate financial statements, and reduced Council’s ability to monitor financial activity and make informed financial decisions.

We recommend that the Village review the Village Officer’s Handbook to determine the accurate receipt and disbursements classifications. We also recommend that the Village implement controls to ensure that all pass-through grants and loans are recorded in the Village’s records.

The Village should accurately classify government fund balance in accordance with GASB statement number 54 as described in Auditor of State Audit Bulletin 2011-004.

**Village Fiscal Officer Response:** The Fiscal Officer will enlist an outside agency with assistance in the Annual Financial Report to assure that the fund classifications are reported accurately. The Fiscal Officer has implemented additional controls over pass-through grants and loans.

**FINDING NUMBER 2014-008**

**Significant Deficiency – Payroll Account Reconciliation**

A proper system of controls ensures that all bank and petty cash accounts are reconciled to the fund balance. The petty cash accounts were not included in the Villages fund balances. Also, the Village did not include the payroll checking account in the monthly fund balances reconciliation.

We identified the following errors:

- Third quarter City of Franklin and City of Cincinnati income tax withholdings were not remitted timely. In addition, the amount remitted did not agree to the payroll reports.
- The Village transferred the January 1, 2015 payroll amount to the payroll checking account on December 31, 2014. Timely reconciliations would have shown the payroll checks dated January 1, 2015 cleared the bank on December 31, 2014. The payroll dated for January 1, 2015 was not reported in the fiscal year 2014 expenditures. All cash basis expenditures should be recorded when they are made so financial statements reflect the actual activity of the Village.

**FINDING NUMBER 2014-008**  
**(Continued)**

- The unidentified remaining balance in the Village's payroll account at December 31, 2014 was \$17,545, which should reconcile to payroll withholdings held by the Village and not yet remitted. The Village did not prepare a reconciliation that identified amounts not remitted to the related entity.

The payroll checking account balance should agree to unremitted withholdings and outstanding checks. Failure to include the payroll account as part of the reconciliation resulted in the accumulation of funds in the Village payroll account. The Village has posted audit adjustments to its accounting system and financial statements to correct the errors above.

The Village should include the payroll account in the monthly reconciliation process to help ensure that all withholdings have been properly and timely remitted. The Village should also include all petty cash accounts in the Village fund balances.

**Village Fiscal Officer Response:** The Fiscal Officer will have the Legal Advisor and Council advise on where to transfer the unknown funds from the payroll account once the balance is substantiated with a current and accurate reconciliation. The Village will include petty cash accounts in end of month reconciliations.

**FINDING NUMBER 2014-009**

**Material Weakness/Noncompliance Citation - Transfers**

**Ohio Rev. Code § 5705.14(B)** provides that the unexpended balance in any specific permanent improvement fund, other than a bond fund, after the payment of all obligations incurred in the acquisition of such improvement, shall be transferred to the sinking fund or bond retirement fund of the subdivision. However, if such money is not required to meet the obligations payable from such funds, it may be transferred to a special fund for the acquisition of permanent improvements, or, with the approval of the court of common pleas of the county in which such subdivision is located, to the general fund of the subdivision.

**Ohio Rev. Code § 5705.14(C)(1)** provides that the unexpended balance in the sinking fund or bond retirement fund of a subdivision, after all indebtedness, interest, and other obligations for the payment of which such fund exists have been paid and retired, shall be transferred, in the case of the sinking fund, to the bond retirement fund, and in the case of the bond retirement fund, to the sinking fund. However, if the transfer is impossible by reason of the nonexistence of the fund to receive the transfer, the unexpended balance may be transferred to any other fund of the subdivision with the approval of the court of common pleas of the county in which such division is located.

The Village transferred funds from permanent improvement funds and a bond retirement fund to the Village enterprise funds; however, the Village failed to obtain approval from the court of common pleas as required by Ohio Rev. Code §5705.14(C)(1) and Ohio Rev. Code § 5705.14(B).



**FINDING NUMBER 2014-009**  
**(Continued)**

The following adjustments were required to return the funds to the permanent improvement funds and the bond retirement fund.

<b>Fund</b>	<b>Amount</b>
Water	\$(94,800)
Sewer	(31,074)
SRBA Fairground Ac (Fund 3101)	23,575
Water Capital Project (Fund 4101)	47,645
Phase I Water Main (Fund 4103)	17,397
Phase I SS Imp (Fund 4104)	7,500
Water Master Plan (Fund 4106)	29,757

The Village did not post the adjustments above. In accordance with the forgoing we hereby issue a finding for adjustment in the amount of \$94,800 against the Water Fund and in the amount of \$31,074 against the Sewer Fund, and in favor of the SRBA Fairground Ac Fund, \$23,575; Water Capital Project Fund \$47,645; Phase I Water Main Fund, \$17,397; Phase I SS Imp Fund, \$7,500; and Water Master Plan Fund \$29,757.

The Village should ensure that all transfers are in compliance with the applicable Ohio Revised Code sections.

**Village Fiscal Officer Response:** The Village will obtain a court order to properly transfer the above funds and will in the future obtain advice from the Village Solicitor and/or review the Ohio Revised Code prior to fund transfers.

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**VILLAGE OF BLANCHESTER  
CLINTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2012-001	Failure to properly post transactions	No	Reissued as finding 2014-007
2012-002	Expenditures exceed Appropriations	Yes	
2012-003	Prior Certification of Expenditures	Yes	
2012-004	Failure to obtain a type 2 SSAE No 16 Report for third-party insurance administrator	No	Reissued as finding 2014-005
2012-005	Federal Single Audit not conducted timely or Filed with federal clearinghouse by deadline	Yes	

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# Dave Yost • Auditor of State

VILLAGE OF BLANCHESTER

CLINTON 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  
MARCH 9, 2017