



**VILLAGE OF BLANCHESTER  
CLINTON COUNTY  
REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2020-2019**

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Marietta, OH 45750  
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OHIO AUDITOR OF STATE  
KEITH FABER



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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, 2019 through December 31, 2020. 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 cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

November 19, 2021

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VILLAGE OF BLANCHESTER  
CLINTON COUNTY

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## INDEPENDENT AUDITOR'S REPORT

October 15, 2021

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 for each governmental and proprietary fund type as of and for the years ended December 31, 2020 and 2019 and related notes of the Village of Blanchester, Clinton County, Ohio (the Village).

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2020 and 2019 and related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matters***

As discussed in the notes to the financial statements Note 14 for 2020 and Note 13 for 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

As discussed in Note 15 to the 2020 financial statements, the Village made several changes to its reporting model. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2021, 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.



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



**VILLAGE OF BLANCHESTER, OHIO  
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, 2020**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 280,577	\$ 214,104	\$ -	\$ -	\$ 494,681
Intergovernmental	349,800	681,033	114,921	-	1,145,754
Special Assessments	1,462	-	44,884	-	46,346
Charges for Services	336,624	200	-	-	336,824
Fines, Licenses and Permits	46,513	-	-	-	46,513
Earnings on Investments	67,580	9,755	-	15,151	92,486
Miscellaneous	24,637	4,165	-	-	28,802
<i>Total Cash Receipts</i>	<u>1,107,193</u>	<u>909,257</u>	<u>159,805</u>	<u>15,151</u>	<u>2,191,406</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	333,455	306,552	-	-	640,007
Public Health Services	5,587	-	-	-	5,587
Leisure Time Activities	-	87,457	-	-	87,457
Community Environment	16,935	-	-	-	16,935
Basic Utility Services	94,371	-	-	-	94,371
Transportation	-	359,366	6,771	-	366,137
General Government	186,289	81,633	-	8,382	276,304
Capital Outlay	-	-	135,079	-	135,079
Debt Service:					
Principal Retirement	-	-	4,500	-	4,500
<i>Total Cash Disbursements</i>	<u>636,637</u>	<u>835,008</u>	<u>146,350</u>	<u>8,382</u>	<u>1,626,377</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>470,556</u>	<u>74,249</u>	<u>13,455</u>	<u>6,769</u>	<u>565,029</u>
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In	-	-	13,666	-	13,666
Transfers Out	-	(10,262)	-	-	(10,262)
Advances In	31,589	-	31,589	-	63,178
Advances Out	(31,589)	-	(31,589)	-	(63,178)
Other Financing Uses	(6,320)	(10,829)	-	-	(17,149)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(6,320)</u>	<u>(21,091)</u>	<u>13,666</u>	<u>-</u>	<u>(13,745)</u>
<i>Net Change in Fund Cash Balances</i>	464,236	53,158	27,121	6,769	551,284
<i>Fund Cash Balances, January 1</i>	<u>526,699</u>	<u>752,198</u>	<u>211,334</u>	<u>207,493</u>	<u>1,697,724</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 990,935</u>	<u>\$ 805,356</u>	<u>\$ 238,455</u>	<u>\$ 214,262</u>	<u>\$ 2,249,008</u>

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

**VILLAGE OF BLANCHESTER, OHIO  
CLINTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Proprietary Fund Types		Totals
	Enterprise	Internal Service	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 8,573,377	\$ -	\$ 8,573,377
Miscellaneous	46,010	461,788	507,798
<i>Total Operating Cash Receipts</i>	<u>8,619,387</u>	<u>461,788</u>	<u>9,081,175</u>
<b>Operating Cash Disbursements</b>			
Personal Services	1,092,525	-	1,092,525
Employee Fringe Benefits	473,525	-	473,525
Contractual Services	5,315,960	-	5,315,960
Supplies and Materials	427,323	-	427,323
Claims	-	362,879	362,879
Other	39,486	-	39,486
<i>Total Operating Cash Disbursements</i>	<u>7,348,819</u>	<u>362,879</u>	<u>7,711,698</u>
<i>Operating Income (Loss)</i>	<u>1,270,568</u>	<u>98,909</u>	<u>1,369,477</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	23,702	-	23,702
Earnings on Investments (proprietary funds only)	1,129	-	1,129
Capital Outlay	(198,982)	-	(198,982)
Principal Retirement	(445,966)	-	(445,966)
Interest and Other Fiscal Charges	(133,827)	-	(133,827)
Other Financing Sources	58,292	-	58,292
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(695,652)</u>	<u>-</u>	<u>(695,652)</u>
<i>Income (Loss) before Transfers</i>	574,916	98,909	673,825
Transfers In	465,935	-	465,935
Transfers Out	(469,339)	-	(469,339)
<i>Net Change in Fund Cash Balances</i>	571,512	98,909	670,421
<i>Fund Cash Balances, January 1</i>	<u>5,279,527</u>	<u>202,798</u>	<u>5,482,325</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 5,851,039</u>	<u>\$ 301,707</u>	<u>\$ 6,152,746</u>

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, 2020*

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**Note 1 - Reporting Entity**

The Village of Blanchester, Clinton County, (the Village), 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 6 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 11 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, 2020*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

**Coronavirus Relief Fund** The Coronavirus relief fund accounts for and reports the receipt of State CARES Act grant distributions for use of relief due to unexpected necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19).

**Legacy Fund Roofing Grant** The Legacy fund roofing grant accounts for and reports the receipt of Clinton County Foundation grant distributions for use of the Village of Blanchester roofing expenditures incurred during the year of 2020.

**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:

**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.

**Municipal Playground Project Fund** The municipal playground project fund accounts for and reports the receipt of grant reimbursement monies restricted for the purpose of the Municipal Playground project.

**Permanent Funds** These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant permanent fund:

**Curless Recreation Endowment Fund** The Curless Recreation endowment fund accounts for and reports investment earnings on the nonexpendable corpus from a trust agreement restricted for the establishment, maintenance, and operation of recreational activities in the Village.

**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).

**Village of Blanchester**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

***Basis of Accounting (continued)***

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

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain 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 2020 budgetary activity appears in Note 3.

***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.

**Village of Blanchester**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

**Fund Balance (Continued)**

**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.

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, limited disclosure related to fund balance is included in Note 13.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

Fund Type	2020 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$ 1,793,692	\$ 1,107,193	\$ (686,499)
Special Revenue	909,255	909,257	2
Capital Projects	173,472	173,471	(1)
Enterprise	9,140,506	9,168,445	27,939
Internal Service	461,789	461,788	(1)
Permanent	71,036	15,151	(55,885)
<b>Total</b>	<b>\$ 12,549,750</b>	<b>\$ 11,835,305</b>	<b>\$ (714,445)</b>

**Village of Blanchester**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 3 - Budgetary Activity (continued)**

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,699,267	\$ 644,438	\$ 1,054,829
Special Revenue	1,042,274	865,783	176,491
Capital Projects	156,257	146,381	9,876
Enterprise	11,210,454	8,618,338	2,592,116
Internal Service	362,880	362,879	1
Permanent	60,500	8,382	52,118
<b>Total</b>	<b>\$ 14,531,632</b>	<b>\$ 10,646,201</b>	<b>\$ 3,885,431</b>

**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:

	2020
<b>Cash Management Pool:</b>	
Demand deposits	\$ 4,030,448
Certificates of deposit	1,875,000
Total deposits	\$ 5,905,448
<b>Investments</b>	
U.S. Treasury Notes, Corporate Bonds and Mutual Funds (at cost, fair value was \$274,542)	\$ 214,261
CDARS	2,282,045
Total investments	\$ 2,496,306
Total carrying amount of deposits and investments held in the Pool	\$ 8,401,754

The Village no longer uses a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Village is holding \$0 in unremitted employee payroll withholdings.

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation or, contrary to Ohio Law by the financial institutions collateral pool.

**Investments**

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

**Village of Blanchester**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**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 credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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 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, the 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, 2020, the 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, 2020.



**Village of Blanchester**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 6 - Risk Management (continued)**

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

	<u>2020</u>
Assets	\$18,826,974
<u>Liabilities</u>	<u>(13,530,267)</u>
Members' Equity	\$5,296,707

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://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, 2020.

***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, 2020.

***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, 2020.

**Village of Blanchester**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**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 2020. 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 2020. 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 at December 31, 2020 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Center Street Main St Reconstruction-CJ16S-OPWC	\$ 153,000	0.00%
Blanchester Downtown Water Main Replace-Ph 2-CJ14M-OPWC	309,031	0.00%
Wastewater System Improvements-CJ10K-OPWC	514,370	0.00%
Water Treatment Plant Improvements-CJ04P-OPWC	1,219,621	0.00%
Sanitary Sewer-Phase II-CJ04N-OPWC	904,206	0.00%
Wastewater System Improvements-Phase 3-CJ02O-OPWC	1,225,000	0.00%
Blanchester SR28 Water Main Replacement-CJ02L-OPWC	91,657	0.00%
Equalization Basin & Pump Station-5047-OWDA	22,467	0.00%
Sewer System Improvement Phase 2-5971-OWDA	708,485	1.00%
WW System Improvement Phase 3-6269-OWDA	473,408	1.00%
WTP Improvements-6490-OWDA	4,117,710	2.00%
Water System Improvement Bonds	610,000	3.25-4.90%
Total	<u>\$ 10,348,955</u>	

The Downtown Water Main-Phase 2 – Ohio Public Works Commission (OPWC) Loan #CJ14M 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.

The State Route 28 Water Main Replacement – OPWC Loan #CJ02L was funded in 2012 and the financed amount was set at \$125,000 at 0% and is expected to mature in 2042. 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.

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 Wastewater System Improvement – OPWC Loan #CJ10K was funded 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, 2020*

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**Note 9 – Debt (continued)**

Water Treatment Plant Improvements – Ohio Public Works Commission (OPWC) Loan #CJ04P was funded 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 funded 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 Center Street & Main Street Reconstruction – OPWC Loan #CJ16S was funded 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 solely, 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 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 funded in 2012 and the financed amount was set at \$1,402,263 at 1% and is expected 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 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 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.

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.

**Village of Blanchester**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 9 – Debt (continued)**

***Amortization***

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

Year Ending December 31:	OPWC Loans	OWDA Loans	Water System Improvement Bonds
2021	\$ 187,245	\$ 365,092	\$ 140,500
2022	187,245	365,092	140,000
2023	187,245	365,092	139,250
2024	187,245	365,092	143,250
2025	187,245	365,092	141,750
2026-2030	936,225	1,822,963	-
2031-2035	936,225	1,467,879	-
2036-2040	909,225	1,098,458	-
2041-2045	698,985	878,766	-
Total	<u>\$ 4,416,885</u>	<u>\$ 7,093,526</u>	<u>\$ 704,750</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 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	-	12,084	12,084
Total	<u>\$189,880</u>	<u>\$212,084</u>	<u>\$401,964</u>

The resolution approved a retroactive fund balance adjustment for 2019 fund balance in accordance with the aforementioned repayment schedule.

The amount owed to the end of 2020 by the Water Fund is \$159,880 and by the Sewer Fund is \$182,084 for a total of \$341,964.

**Village of Blanchester**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 10 – 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 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.

**Note 12 – Transfers and Advances**

During 2020, transfers were made from the General Fund to the Police Operating Fund, and from the Parks Levy Fund to the Municipal Playground Project Fund, and from Permissive Tax Fund and Water Operating Fund to the Cherry Street Phase 1 Project Fund to subsidize project operations. Transfers were made from Water Operating to Water Tower Retirement fund to make debt service requirements. A transfer was also made from Electric Operating Fund to Water Operating Fund per Ohio Department of Taxation approval. All transfers were made in accordance with the Ohio Revised Code.

During 2020, an advance was made from the General Fund to the Municipal Playground Project Fund. This advance was paid back in full to the General Fund by December 31, 2020.

**Note 13 – 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	General	Special Revenue	Capital Projects	Permanent	Total
Nonspendable:					
Unclaimed Monies	\$ 4,472	\$ -	\$ -	\$ -	\$ 4,472
Corpus	-	-	-	201,691	201,691
Outstanding Encumbrances	1,481	9,684	31	-	11,196
<b>Total</b>	<b>\$ 5,953</b>	<b>\$ 9,684</b>	<b>\$ 31</b>	<b>\$ 201,691</b>	<b>\$ 217,359</b>

**Village of Blanchester**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 13 – Fund Balances (continued)**

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is 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 14 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act funding. During 2020, the Village received \$336,379 as an on-behalf of grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue Fund.

**Note 15 – Change in Accounting Principles**

For 2020, the Village has made changes to their cash basis reporting model. This changes includes removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

There was no effect on beginning cash balance as a result of this change.

VILLAGE OF BLANCHESTER, OHIO  
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, 2019**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 278,722	\$ 196,876	\$ -	\$ -	\$ 475,598
Intergovernmental	376,930	254,606	276,044	-	907,580
Special Assessments	381	-	44,192	-	44,573
Charges for Services	81,592	2,000	-	-	83,592
Fines, Licenses and Permits	47,575	-	-	-	47,575
Earnings on Investments	71,184	9,313	-	12,130	92,627
Miscellaneous	18,497	3,210	300	-	22,007
<i>Total Cash Receipts</i>	<u>874,881</u>	<u>466,005</u>	<u>320,536</u>	<u>12,130</u>	<u>1,673,552</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	610,069	1,217	-	-	611,286
Public Health Services	5,556	-	-	-	5,556
Leisure Time Activities	-	152,348	-	-	152,348
Community Environment	16,957	-	-	-	16,957
Transportation	-	147,612	6,941	-	154,553
General Government	155,929	4,960	-	8,455	169,344
Capital Outlay	-	994	300,979	-	301,973
Debt Service:					
Principal Retirement	-	4,500	4,500	-	9,000
<i>Total Cash Disbursements</i>	<u>788,511</u>	<u>311,631</u>	<u>312,420</u>	<u>8,455</u>	<u>1,421,017</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>86,370</u>	<u>154,374</u>	<u>8,116</u>	<u>3,675</u>	<u>252,535</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Capital Assets	5,099	5,353	-	-	10,452
Transfers In	-	-	50,523	-	50,523
Transfers Out	-	(25,262)	(55,722)	-	(80,984)
Advances In	6,439	-	6,439	-	12,878
Advances Out	(6,439)	-	(6,439)	-	(12,878)
Other Financing Uses	(7,174)	-	-	-	(7,174)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,075)</u>	<u>(19,909)</u>	<u>(5,199)</u>	<u>-</u>	<u>(27,183)</u>
<i>Net Change in Fund Cash Balances</i>	84,295	134,465	2,917	3,675	225,352
<i>Fund Cash Balances, January 1</i>	<u>442,404</u>	<u>617,734</u>	<u>208,417</u>	<u>203,818</u>	<u>1,472,373</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	4,472	-	-	196,614	201,086
Restricted	-	750,807	211,296	10,879	972,982
Assigned	7,370	1,391	38	-	8,799
Unassigned	514,857	-	-	-	514,857
<i>Fund Cash Balances, December 31</i>	<u>\$ 526,699</u>	<u>\$ 752,198</u>	<u>\$ 211,334</u>	<u>\$ 207,493</u>	<u>\$ 1,697,724</u>

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

**VILLAGE OF BLANCHESTER, OHIO  
CLINTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Proprietary Fund Types		Totals
	Enterprise	Internal Service	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 9,319,937	\$ -	\$ 9,319,937
Miscellaneous	22,588	507,183	529,771
<i>Total Operating Cash Receipts</i>	<u>9,342,525</u>	<u>507,183</u>	<u>9,849,708</u>
<b>Operating Cash Disbursements</b>			
Personal Services	1,087,294	-	1,087,294
Employee Fringe Benefits	535,588	-	535,588
Contractual Services	5,821,268	-	5,821,268
Supplies and Materials	500,546	-	500,546
Claims	-	373,088	373,088
Other	52,560	-	52,560
<i>Total Operating Cash Disbursements</i>	<u>7,997,256</u>	<u>373,088</u>	<u>8,370,344</u>
<i>Operating Income (Loss)</i>	<u>1,345,269</u>	<u>134,095</u>	<u>1,479,364</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	33,371	-	33,371
Earnings on Investments (proprietary funds only)	8,053	-	8,053
Capital Outlay	(131,030)	-	(131,030)
Principal Retirement	(691,213)	-	(691,213)
Interest and Other Fiscal Charges	(154,803)	-	(154,803)
Other Financing Uses	(7,838)	-	(7,838)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(943,460)</u>	<u>-</u>	<u>(943,460)</u>
<i>Income (Loss) before Transfers</i>	401,809	134,095	535,904
Transfers In	292,681	-	292,681
Transfers Out	(262,220)	-	(262,220)
<i>Net Change in Fund Cash Balances</i>	432,270	134,095	566,365
<i>Fund Cash Balances, January 1</i>	<u>4,847,257</u>	<u>68,703</u>	<u>4,915,960</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 5,279,527</u>	<u>\$ 202,798</u>	<u>\$ 5,482,325</u>

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, 2019*

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**Note 1 - Reporting Entity**

The Village of Blanchester, Clinton County, (the Village), 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 6 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 11 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 which are organized on a fund type basis.

***Fund Accounting***

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

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

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted 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 the receipt of gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

***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, 2019*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

**Capital Project Funds** These funds account for and report financial resources that are restricted 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 Fund:

**Water Treatment Plant Phase 3 Fund** The water treatment plant phase 3 fund accounts for and reports the receipt of loan reimbursement monies restricted for the purpose of the Water Treatment Plant Phase 3 project.

**Permanent Funds** These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant Permanent Fund:

**Curless Recreation Endowment Fund** The Curless Recreation endowment fund accounts for and reports investment earnings on the nonexpendable corpus from a trust agreement restricted for the establishment, maintenance, and operation of recreational activities in the Village.

**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, 2019*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

***Budgetary Process***

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

***Appropriations*** Budgetary disbursements (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 2019 budgetary activity appears in Note 3.

***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.

**Village of Blanchester**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 2 - Summary of Significant Accounting Policies (continued)**

**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*. 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 Council or a Village official delegated that authority by resolution, or by State Statute. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the General Fund.

**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.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,473,418	\$ 879,980	\$ (593,438)
Special Revenue	471,358	471,358	-
Capital Projects	371,059	371,059	-
Enterprise	9,727,483	9,676,630	(50,853)
Internal Service	507,184	507,183	(1)
Permanent	24,002	12,130	(11,872)
Total	\$ 12,574,504	\$ 11,918,340	\$ (656,164)

**Village of Blanchester**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 3 - Budgetary Activity (continued)**

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,403,950	\$ 803,055	\$ 600,895
Special Revenue	420,640	338,284	82,356
Capital Projects	396,095	368,180	27,915
Enterprise	10,829,350	9,264,330	1,565,020
Internal Service	373,088	373,088	-
Permanent	10,000	8,455	1,545
Total	\$ 13,433,123	\$ 11,155,392	\$ 2,277,731

**Note 4 – 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:

	2019
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$ 2,809,223
Certificates of deposit	1,875,000
Total deposits	\$ 4,684,223
<b><i>Investments</i></b>	
U.S. Treasury Notes, Corporate Bonds and Mutual Funds (at cost, fair value was \$254,190)	\$ 207,492
CDARS	2,288,334
Total investments	\$ 2,495,826
Total carrying amount of deposits and investments held in the Pool	\$ 7,180,049

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or, contrary to Ohio Law by the financial institutions collateral pool.

***Investments***

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

**Village of Blanchester**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**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 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.

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 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).

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, the 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. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

**Village of Blanchester**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 6 - Risk Management (continued)**

<u>2019</u>	
Assets	\$15,920,504
<u>Liabilities</u>	<u>(11,329,011)</u>
Members' Equity	\$4,591,493

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://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, 2019.

***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, 2019.

***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, 2019.

**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 2019. 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 2019. OP&F contributes 0.5 percent to fund these benefits.

**Village of Blanchester**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 8 - Postemployment Benefits (continued)**

Beginning January 1, 2019, OP&F changed its retiree health care model and the current self-insured health care plan is no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

**Note 9 – Debt**

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Center Street Main St Reconstruction-CJ16S-OPWC	\$ 157,500	0.00%
Blanchester Downtown Water Main Replace-Ph 2-CJ14M-OPWC	315,749	0.00%
Wastewater System Improvements-CJ10K-OPWC	526,060	0.00%
Water Treatment Plant Improvements-CJ04P-OPWC	1,244,013	0.00%
Sanitary Sewer-Phase II-CJ04N-OPWC	923,444	0.00%
Wastewater System Improvements-Phase 3-CJ02O-OPWC	1,250,000	0.00%
Blanchester SR28 Water Main Replacement-CJ02L-OPWC	93,740	0.00%
Equalization Basin & Pump Station-5047-OWDA	24,963	0.00%
Sewer System Improvement Phase 2-5971-OWDA	766,338	1.00%
WW System Improvement Phase 3-6269-OWDA	530,656	1.00%
WTP Improvements-6490-OWDA	4,251,958	2.00%
Water System Improvement Bonds	715,000	3.25-4.90%
Total	<u>\$ 10,799,421</u>	

The 2018 ending loan balance for OWDA Loan balance should have been \$4,383,562 instead of the \$4,378,718 reported for a difference of \$4,844. The total ending principal balance at December 31, 2018 should have been \$11,499,635.

The Downtown Water Main-Phase 2 – Ohio Public Works Commission (OPWC) Loan #CJ14M 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.

The State Route 28 Water Main Replacement – OPWC Loan #CJ20L 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.

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 2044. 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 Wastewater System Improvement – OPWC Loan #CJ10K was funded in 2012 and the financed amount was set at \$701,413 at 0% and is expected to mature in 2044. 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, 2019*

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**Note 9 – Debt (continued)**

Water Treatment Plant Improvements – Ohio Public Works Commission (OPWC) Loan #CJ04P was funded in 2014 and the financed amount was set at \$1,463,575 at 0% and is set to mature in 2045. The load 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 funded in 2013 and the financed amount was set at \$1,154,305 at 0% and is expected to mature in 2043. 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 Center Street & Main Street Reconstruction – OPWC Loan #CJ16S was funded 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 solely, 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 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 funded in 2012 and the financed amount was set at \$1,402,263 at 1% and is expected 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 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 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.

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 Sewer Bond as scheduled, reached its maturity date of December 31, 2019 and was completed in full.

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.

**Village of Blanchester**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 9 – Debt (continued)**

***Amortization***

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

Year Ending December 31:	OPWC Loans	OWDA Loans	Water System Improvement Bonds
2020	\$ 187,245	\$ 365,092	\$ 140,645
2021	187,245	365,092	140,500
2022	187,245	365,092	140,000
2023	187,245	365,092	139,250
2024	187,245	365,092	143,250
2025-2029	936,225	1,825,459	141,750
2030-2034	936,225	1,610,783	-
2035-2039	913,725	1,098,458	-
2040-2044	763,726	1,098,458	-
2045-2048	24,380	-	-
Total	<u>\$ 4,510,506</u>	<u>\$ 7,458,618</u>	<u>\$ 845,395</u>

***Debt Service Trust Funds***

The 2009 Sanitary Sewer Bond Refunding bond agreement required the Village to establish a debt service account to be maintained by a custodian bank. The Village has established this 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 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	-	12,084	12,084
Total	<u>\$189,880</u>	<u>\$212,084</u>	<u>\$401,964</u>

The resolution approved a retroactive fund balance adjustment for 2018 fund balance in accordance with the aforementioned repayment schedule.

**Village of Blanchester**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 9 – Debt (continued)**

**Fund Balance Adjustments (continued)**

The amount owed to the end of 2019 by the Water Fund is \$169,880 and by the Sewer Fund is \$192,084 for a total of \$361,964.

**Note 10 – 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.

**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.

**Note 12 – Transfers and Advances**

During 2019, transfers were made from the General Fund to the Police Operating Fund, and from Permissive Tax Fund and Water Operating Fund to the Fancy Street Project Fund to subsidize project operations. Transfers were made from Water operating to Treatment Plant Retirement fund, from Sewer Operating fund to Water Retirement fund and several aging project funds to make debt service requirements. All transfers were made in accordance with the Ohio Revised Code.

During 2019, an advance was made from the General Fund to the Dewey Park Fund. This advance was paid back in full to the General Fund by December 31, 2019.

**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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 14 - Prior Period Fund Balance Adjustment**

The Village brought onto the accounting system the bank balances related to the debt service trust funds for the 2009 Sanitary Sewer Bond Refunding and 2005 Water System Improvement Bonds which had balances of \$54,514 at the beginning of 2019 .



313 Second St.  
Marietta, OH 45750  
740.373.0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

150 West Main St.  
St. Clairsville, OH 43950  
740.695.1569

1310 Market Street, Suite 300  
Wheeling, WV 26003  
304.232.1358

749 Wheeling Ave., Suite 300  
Cambridge, OH 43725  
740.435.3417

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

October 15, 2021

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 cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2020 and December 31, 2019, and related notes of the **Village of Blanchester**, Clinton County, (the Village) and have issued our report thereon date October 15, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village and several changes to its reporting model.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing 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 audit findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

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 finding 2020-001 as described in the accompanying schedule of audit findings to be a material weakness.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations  
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• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

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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 finding 2020-002 described in the accompanying schedule of audit findings to be a significant deficiency.

### ***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 financial statements. 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2020-003.

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

The Village's responses to the findings identified in our audit are described in the accompanying schedule of audit 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 report is not suitable for any other purpose.



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

**VILLAGE OF BLANCHESTER  
BLANCHESTER COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2020-001**

**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.

The Village is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting.

During 2020 and 2019, receipts and disbursements were not always posted or classified correctly. The following errors were noted:

- The Transfers In and Out of the General Fund for the Police Operations activity was incorrectly reported in 2020 and 2019;
- Proprietary Debt Service Fund activity was recorded in the Governmental Debt Service Fund in 2020 and 2019;
- Intergovernmental Revenue in the Enterprise Fund was classified as an Extraordinary Item instead of Intergovernmental Revenue in 2019;
- The Curless Recreation Permanent Fund bank balance was brought on as Miscellaneous Revenue instead of a change of beginning fund balance in 2019;
- The Curless Recreation Permanent Fund was recorded at market value instead of Cost in 2020 and 2019;
- Sale of Capital Assets was recorded as miscellaneous revenue in the General and Special Revenue Funds in 2019;
- The Water Bond Reserve Fund bank balance was brought on as miscellaneous revenue instead of a change of beginning fund balance in 2019; and
- Principal adjustments made by OWDA were not recorded in 2020.

Not posting receipts and disbursements accurately resulted in the financial statements requiring reclassification entries. The financial statements reflect all reclassifications and adjustments.

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

- Budgetary for 2020 and 2019;
- Deposits and Investments for 2020 and 2019;
- Fund Balance for 2020; and
- Change in Accounting Principles in 2020.

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 receipts, disbursements and fund balances are properly identified and classified on the financial statements.

VILLAGE OF BLANCHESTER  
CLINTON COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

FINDING NUMBER 2020-001 (CONTINUED)

**Material Weakness (Continued)**

**Financial Reporting (Continued)**

We also recommend the Fiscal Officer refer to the Ohio Village Handbook and Auditor of State guidance to determine the proper establishment of receipt and disbursement accounts and proper posting. The Fiscal Officer should also use the most current notes to the financial statement shell for preparing the notes to the financial statements.

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

FINDING NUMBER 2020-002

**Significant Deficiency**

**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 balances in 2020 were reconciled through the use of Other Adjusting Factors.

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

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

FINDING NUMBER 2020-003

**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).

VILLAGE OF BLANCHESTER  
CLINTON COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

FINDING NUMBER 2020-003 (CONTINUED)

**Noncompliance (Continued)**

**Ohio Revised Code Section 135.18(A)(1) (Continued)**

The Village's financial institution used its own pool of assets to collateralize all of the institution's public deposits. The financial institution also did not provide a listing of the assets in the pool.

We recommend the Village contact the financial institution to notify them of the proper collateralization procedures to be compliant with Ohio Revised Code. If the financial institution fails to properly collateralize the deposits the Village's Management should consider moving their public funds to an institution that has properly collateralized their public deposits.

**Management's Response** – Upon notification of this issue, Village Management immediately made the bank aware of the collateral issue during the performance of this audit. The bank has since pledged specific collateral to the Village for the purpose of securing the Village's public deposits.



**VILLAGE OF BLANCHESTER  
CLINTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Posting Receipts, Disbursements and Fund Balances	No Corrected	Repeated as Finding 2020-001
2018-002	Bank to Book Reconciliations	Not Corrected	Repeated as Finding 2020-002

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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 12/2/2021**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)