



**VILLAGE OF BLANCHESTER
CLINTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF BLANCHESTER
CLINTON COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Blanchester, Clinton County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Insurance claims reported in the self insurance fund (an Internal Service fund) are processed by a service organization that is independent of the Village of Blanchester. The service organization did not provide us with evidence we requested regarding the design or proper operation of its internal control relative to the processing of the Government's health insurance claim transactions. We were unable to perform procedures to satisfy ourselves as to the proper processing of health insurance claims. Those claims represent 100% of disbursements for the Internal Service fund type.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine certain information regarding health insurance claims, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the management, the Village Council and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

July 31, 2002

**VILLAGE OF BLANCHESTER
CLINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000**

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Totals (Memorandum Only)
Cash Receipts:						
Property Tax and Other Local Taxes	\$370,908	\$0	\$0	\$0	\$0	\$370,908
Intergovernmental Receipts	198,279	228,822				427,101
Charges for Services				22,383		22,383
Fines, Licenses, and Permits	190,593	8,799				199,392
Special Assessment			63,269			63,269
Earnings on Investments	186,022		24,520			210,542
Miscellaneous	64,312				9,355	73,667
Total Cash Receipts	1,010,114	237,621	87,789	22,383	9,355	1,367,262
Cash Disbursements:						
Current:						
Security of Persons and Property	417,939	79,459				497,398
Public Health Services	2,200					2,200
Leisure Time Activities					65,865	65,865
Transportation		220,190				220,190
General Government	235,765					235,765
Debt Service:						
Principal Payments			177,093		2,345	179,438
Interest Payments			208,177		511	208,688
Capital Outlay				170		170
Total Cash Disbursements	655,904	299,649	385,270	170	68,721	1,409,714
Total Receipts Over/(Under) Disbursements	354,210	(62,028)	(297,481)	22,213	(59,366)	(42,452)
Other Financing Receipts and (Disbursements):						
Transfers-In			312,118		68,426	380,544
Transfers-Out	(68,426)					(68,426)
Total Other Financing Receipts/(Disbursements)	(68,426)	0	312,118	0	68,426	312,118
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	285,784	(62,028)	14,637	22,213	9,060	269,666
Fund Cash Balances, January 1	471,983	175,445	33,232	59,226	13,040	752,926
Fund Cash Balances, December 31	\$757,767	\$113,417	\$47,869	\$81,439	\$22,100	\$1,022,592
Reserves for Encumbrances, December 31	\$5,902	\$5,110	\$0	\$50,000	\$337	\$61,349

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

**VILLAGE OF BLANCHESTER
CLINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Enterprise	Internal Service	Agency	Totals (Memorandum Only)
Operating Cash Receipts:				
Intergovernmental revenue	\$378,680	\$0	\$0	378,680
Charges for Services	4,451,266			4,451,266
Miscellaneous		145,316		145,316
Total Operating Cash Receipts	4,829,946	145,316	0	4,975,262
Operating Cash Disbursements				
Personal Services	900,538			900,538
Contractual Services	2,624,823			2,624,823
Supplies and Materials	199,866			199,866
Capital Outlay	1,014,853			1,014,853
Public Health		160,637		160,637
Total Operating Cash Disbursements	4,740,080	160,637	0	4,900,717
Operating Income/(Loss)	89,866	(15,321)	0	74,545
Non-operating Cash Receipts				
Other Non-Operating Cash Receipts			221,594	221,594
Total Non-Operating Cash Receipts	0	0	221,594	221,594
Non-operating Cash Disbursements:				
Other Non-Operating Cash Disbursements	32,212	0	222,941	255,153
Total Non-Operating Cash Disbursements	32,212	0	222,941	255,153
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	57,654	(15,321)	(1,347)	40,986
Transfers-In	2,175			2,175
Transfers-Out	(314,293)			(314,293)
Net Receipts Over/(Under) Disbursements	(254,464)	(15,321)	(1,347)	(271,132)
Fund Cash Balances, January 1	3,767,476	95,709	1,481	3,864,666
Fund Cash Balances, December 31	<u>\$3,513,012</u>	<u>\$80,388</u>	<u>\$134</u>	<u>\$3,593,534</u>
Reserves for Encumbrances, December 31	<u>\$115,988</u>	<u>\$0</u>	<u>\$0</u>	<u>\$115,988</u>

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

**VILLAGE OF BLANCHESTER
CLINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:						
Property Tax and Other Local Taxes	\$352,004	\$0	\$0	\$0	\$0	\$352,004
Intergovernmental Receipts	157,193	340,812		82,873		580,878
Charges for Services				21,815		21,815
Fines, Licenses, and Permits	89,227	3,064				92,291
Special Assessment			64,600			64,600
Earnings on Investments	177,769	149	7,630			185,548
Miscellaneous	54,002				3,055	57,057
Total Cash Receipts	<u>830,195</u>	<u>344,025</u>	<u>72,230</u>	<u>104,688</u>	<u>3,055</u>	<u>1,354,193</u>
Cash Disbursements:						
Current:						
Security of Persons and Property	391,898	51,904				443,802
Public Health Services	747					747
Leisure Time Activities					9,025	9,025
Transportation		335,216				335,216
General Government	207,090					207,090
Debt Service:						
Principal Payments			231,278		1,297	232,575
Interest Payments			196,180		369	196,549
Capital Outlay			0	96,780		96,780
Total Cash Disbursements	<u>599,735</u>	<u>387,120</u>	<u>427,458</u>	<u>96,780</u>	<u>10,691</u>	<u>1,521,784</u>
Total Receipts Over/(Under) Disbursements	<u>230,460</u>	<u>(43,095)</u>	<u>(355,228)</u>	<u>7,908</u>	<u>(7,636)</u>	<u>(167,591)</u>
Other Financing Receipts and (Disbursements):						
Transfers-In		40,000	313,698		15,000	368,698
Transfers-Out	(21,709)					(21,709)
Total Other Financing Receipts/(Disbursements)	<u>(21,709)</u>	<u>40,000</u>	<u>313,698</u>	<u>0</u>	<u>15,000</u>	<u>346,989</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>208,751</u>	<u>(3,095)</u>	<u>(41,530)</u>	<u>7,908</u>	<u>7,364</u>	<u>179,398</u>
Fund Cash Balances, January 1	<u>263,232</u>	<u>178,540</u>	<u>74,762</u>	<u>51,318</u>	<u>5,676</u>	<u>573,528</u>
Fund Cash Balances, December 31	<u><u>\$471,983</u></u>	<u><u>\$175,445</u></u>	<u><u>\$33,232</u></u>	<u><u>\$59,226</u></u>	<u><u>\$13,040</u></u>	<u><u>\$752,926</u></u>
Reserves for Encumbrances, December 31	<u><u>\$6,834</u></u>	<u><u>\$3,863</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$10,697</u></u>

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

**VILLAGE OF BLANCHESTER
CLINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Enterprise	Internal Service	Agency	Totals (Memorandum Only)
Operating Cash Receipts:				
Intergovernmental	\$16,862	\$0	\$0	\$16,862
Charges for Services	4,394,929			4,394,929
Miscellaneous	49,641	130,447		180,088
Total Operating Cash Receipts	4,461,432	130,447	0	4,591,879
Operating Cash Disbursements				
Personal Services	797,794			797,794
Contractual Services	2,724,945			2,724,945
Supplies and Materials	119,680			119,680
Capital Outlay	321,270			321,270
Public Health		128,001		128,001
Total Operating Cash Disbursements	3,963,689	128,001	0	4,091,690
Operating Income/(Loss)	497,743	2,446	0	500,189
Non-operating Cash Receipts				
Other Non-Operating Receipts			95,760	95,760
Total Non-Operating Cash Receipts	0	0	95,760	95,760
Non-operating cash disbursements:				
Other non-operating cash disbursements	26,505		94,970	121,475
Total non-operating cash disbursements	26,505		94,970	121,475
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	471,238	2,446	790	474,474
Transfers-Out	(346,989)			(346,989)
Net Receipts Over/(Under) Disbursements	124,249	2,446	790	127,485
Fund Cash Balances, January 1	3,643,227	93,263	691	3,737,181
Fund Cash Balances, December 31	\$3,767,476	\$95,709	\$1,481	\$3,864,666
Reserves for Encumbrances, December 31	\$57,189	\$0	\$0	\$57,189

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

**VILLAGE OF BLANCHESTER
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Blanchester, Clinton County, Ohio (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including electric, water and sewer utilities, public health and welfare and police services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable, except debt service funds maintained by outside custodians are not included in these financial statements. Assets held by custodians are described in Note 5 to the financial statements.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) and federal securities are recorded at share values reported by the mutual fund.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant special revenue Funds:

VILLAGE OF BLANCHESTER
CLINTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Street Construction, Maintenance and Repair Fund

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

COPS Grant Fund

This fund receives federal grant monies for additional police officers.

3. **Debt Service Funds**

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service funds:

Sewer Revenue Bond, Fairground Acres Fund

This fund receives proceeds from special assessments and is used for the payment of debt related to the General Obligation Sewer Bonds.

Treatment Plant Fund

This fund is used for the payment of debt related to the Sanitary Sewer Bonds.

Ohio Public Works Commission Fund

This fund is used for the payment of a loan from the Ohio Public Works Commission.

4. **Capital Projects Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Village had the following significant capital projects funds:

Storm Sewers Fund

This fund receives proceeds from storm sewer charges for maintenance of storm sewers.

Bridge Replacement Fund

This fund receives proceeds of Issue II money for the repair of bridges throughout the Village.

5. **Enterprise Funds**

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

**VILLAGE OF BLANCHESTER
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sewer Fund

This fund receives charges for services from residents to cover the cost of providing this utility.

Electric Fund

This fund receives charges for services from residents to cover the cost of providing this utility.

6. Internal Service Fund

This fund accounts for the financing of the Village's health insurance coverage for all employees. The insurance company contracts with a third party administrator to handle insurance claims. The Village pays their premiums and deductible out of this fund. The Village has a stop loss insurance policy to cover claims that would exceed \$10,000 per employee per year.

7. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

Curless trust Fund

This expendable trust fund is used for recreational purposes in the Village.

Mayor's Court

This agency fund accounts for activity in the Mayor's court bank account.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**VILLAGE OF BLANCHESTER
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 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 also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2000	1999
Demand deposits	\$731,473	\$818,256
Certificates of deposit	2,582,000	2,582,000
Cash on Hand	800	800
Total deposits	3,314,273	3,401,056
US Treasury Money Market Fund	401,573	465,575
Federal Securities	900,280	750,961
Total investments	1,301,853	1,216,536
Total deposits and investments	\$4,616,126	\$4,617,592

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF BLANCHESTER
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Investments: Federal Securities are held in book-entry form by the Federal Reserve, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities. Investment in the U.S. Treasury Mutual Fund is not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2000 and 1999 follows:

<u>2000 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$673,400	\$1,034,634	361,234
Special Revenue	179,500	237,621	58,121
Debt Service	339,000	375,387	36,387
Capital Projects	22,000	22,383	383
Expendable Trust	19,000	77,781	58,781
Enterprise	4,513,750	4,864,333	350,583
Internal Service	<u>102,000</u>	<u>145,316</u>	<u>43,316</u>
Total	<u>5,848,650</u>	<u>6,757,455</u>	<u>908,805</u>

<u>2000 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	474,111	730,232	(256,121)
Special Revenue	173,000	304,759	(131,759)
Debt Service	0	385,270	(385,270)
Capital Projects	70,000	50,170	19,830
Expendable Trust	88,210	69,058	19,152
Enterprise	1,837,933	5,202,573	(3,364,640)
Internal Service	<u>80,000</u>	<u>160,637</u>	<u>(80,637)</u>
Total	<u>2,723,254</u>	<u>6,902,699</u>	<u>(4,179,445)</u>

<u>1999 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	632,400	837,825	205,425
Special Revenue	394,656	384,025	(10,631)
Debt Service	420,185	378,298	(41,887)
Capital Projects	22,000	104,688	82,688
Expendable Trust	21,012	18,055	(2,957)
Enterprise	4,376,000	4,461,432	85,432
Internal Service	<u>104,000</u>	<u>130,447</u>	<u>26,447</u>
Total	<u>5,970,253</u>	<u>6,314,770</u>	<u>344,517</u>

**VILLAGE OF BLANCHESTER
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	730,515	628,278	102,237
Special Revenue	284,000	390,983	(106,983)
Debt Service	426,185	427,458	(1,273)
Capital Projects	30,000	96,780	(66,780)
Expendable Trust	10,000	10,691	(691)
Enterprise	4,825,500	4,394,372	431,128
Internal Service	<u>103,000</u>	<u>128,001</u>	<u>(25,001)</u>
Total	<u>6,409,200</u>	<u>6,076,563</u>	<u>332,637</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the following funds for the year ended December 31, 2000:

Fund	Appropriations	Expenditures	Variance
General	\$474,111	\$730,232	\$(256,121)
Street Construction and Maintenance	128,000	174,090	(46,090)
State Highway	0	1,100	(1,100)
Drug Law Enforcement	0	5,800	(5,800)
Police Equipment Grant	0	10,153	(10,153)
Cops Grant	0	63,506	(63,506)
Treatment Plant Debt Retirement	0	196,727	(196,727)
Waterworks Debt Retirement	0	55,212	(55,212)
Ohio Public Works Commission	0	37,093	(37,093)
Sewer Revenue Assessment	0	96,381	(96,381)
Electric	568,000	2,990,743	(2,422,743)
Water	612,933	704,346	(91,413)
Sewer	587,000	1,122,680	(535,680)
Security Deposits	0	32,212	(32,212)
Solid Waste	70,000	238,718	(168,718)
Employee Health	80,000	160,637	(80,637)

Budgetary expenditures exceeded appropriation authority in the following funds for the year ended December 31, 1999:

Fund	Appropriations	Expenditures	Variance
Permissive Tax	\$25,000	224,077	(\$199,077)
Ohio Public Works Commission	74,185	111,278	(37,093)
Bridge Replacement	0	96,736	(96,736)
Water	475,500	501,403	(25,903)
Security Deposits	0	26,505	(26,505)
Solid Waste	0	215,653	(215,653)
Employee Health	103,000	128,001	(25,001)
Curless Trust	10,000	10,691	(691)

**VILLAGE OF BLANCHESTER
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Sewer Bonds	\$ 635,000	6.2 – 7.7%
Ohio Public Works Commission Loan	1,335,330	0%
Capital Lease – Truck	36,119	6.5%
Capital Lease – Tractor	6,357	6.99%
Sanitary Sewer Revenue Bonds	2,085,000	2.6 – 5.7%
Cinergy Substation loan	788,859	9.6%
First Mortgage Waterworks Revenue Bonds	<u>450,000</u>	4.75 – 6.625%
Total	<u>\$ 4,547,806</u>	

General Obligation Sewer Bonds were issued June 1, 1991 in the amount of \$950,000 and mature December 1, 2010. These bonds are for the acquisition and development of sewer system improvements. The General Obligation Sewer Bonds are a direct obligation of the Village for which its full faith, credit, and resources are pledged and is payable from taxes levied on all taxable property in the Village.

The Sanitary Sewer Revenue Bonds were issued December 1, 1993 in the amount of \$2,555,000 and mature December 1, 2019. These bonds are for the acquisition and development of sewer system improvements. The revenues 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 a the required debt service replacement and improvement fund, included as an enterprise fund. The balance in the fund at December 31, 2000 is \$127,750.

The First Mortgage Waterworks Revenue Bonds were issued February 1, 1992 in the amount of \$600,000 and mature February 1, 2012. These bonds are for the acquisition and development of water system improvements. The revenue and income of the Village's utilities have been pledged to repay these debts. As required by the Mortgage Waterworks Revenue Bond covenant, the Village has not established the required debt service replacement and improvement fund. The replacement and improvement fund is required to maintain a balance of \$30,000.

**VILLAGE OF BLANCHESTER
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT (Continued)

The Ohio Public Works Commission Loan relates to an upgrade to the Blanchester Wastewater treatment plant. The loan was issued on July 1, 1998 in the amount of \$1,483,700 and matures July 1, 2018. The loan will be repaid in semiannual installments of \$37,092. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Village entered into a capital lease-purchase agreement on December 26, 2000 with General Motors Acceptance Corporation for a GMC truck. Monthly payments of \$856.56 will be made until the lease matures in 2004.

The Village also entered into a capital lease-purchase agreement on May 27, 1999 for a Tractor to be used by the parks department. Monthly payments of \$238.01 will be made until the lease matures in 2002.

On June 8, 2000, the Village entered into a financing agreement with Cinergy Services, Inc. for a new electric substation. The substation is being built at the Village's cost, which will be added to their monthly utility bill. The Village will make sixty-one monthly payments of \$16,606.30. The Village will begin paying for the substation in 2001. The substation is needed by the Village to supply utilities to the Blanchester Local School District's new high school. In return, the School District is selling to the Village the Main Street school building for \$500.

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

Year ending Dec. 31:	<u>General Obligation Bonds</u>	<u>Sewer Mortgage Revenue Bonds</u>	<u>Waterworks Mortgage Revenue Bonds</u>	<u>Ohio Public Works Commission Loan</u>	<u>Cinergy substation loan</u>	<u>Capital Lease - Truck</u>	<u>Capital Lease - Tractor</u>	<u>Total</u>
2001	\$92,858	\$179,008	\$53,694	\$74,185	99,638	\$10,279	\$2,856	\$412,880
2002	94,620	180,953	51,138	74,185	199,276	10,279	2,856	414,031
2003	90,968	182,593	55,390	74,185	199,276	10,279	1,190	414,605
2004	92,268	178,918	53,455	74,185	199,276	10,279	0	409,105
2005	93,170	180,168	56,334	74,185	199,276	0	0	403,857
Subsequent	<u>465,124</u>	<u>2,530,087</u>	<u>380,339</u>	<u>964,405</u>	<u>99,638</u>	<u>0</u>	<u>0</u>	<u>4,339,955</u>
Total	<u>\$929,008</u>	<u>\$3,431,727</u>	<u>\$650,350</u>	<u>\$1,335,330</u>	<u>996,380</u>	<u>\$41,116</u>	<u>\$6,902</u>	<u>\$6,394,433</u>

In addition to the debt described above, the Village has defeased certain debt issues from prior years. Debt principal outstanding at December 31, 2000 was \$79,913. Assets accumulated to retire this debt are held by a trustee.

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**VILLAGE OF BLANCHESTER
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 10.84% for 2000 and 13.55% for 1999 of PERS participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverage and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

8. DEBT SERVICE TRUSTEED FUNDS

As disclosed in Note 5, the Village has defeased the Sewer Revenue 1989 Bonds. At December 31, 2000, the custodian held \$79,913 in Village assets to retire the 1989 bonds. These assets, and the related receipts and disbursements, are not reflected in the accompanying financial statements.

9. CONTINGENT LIABILITIES

The Village is defendant in several lawsuits. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

10. NONCOMPLIANCE CITATIONS

The Village failed to adopt a tax budget for the 2001 fiscal year, contrary to Ohio Rev. Code, Section 5705.28.

The Village failed to properly obtain purchase orders before the expenditure of monies, contrary to Ohio Rev. Code, Section 5705.41(D). In addition, the Village did not properly use the encumbrance method of accounting, contrary to Ohio Admin. Code, Section 117-3-05.

The Village failed to establish a special fund for Issue II monies received, contrary to Ohio Rev. Code Section 5705.09.

The Village made two transfers from the General Fund to the Curless Trust Fund during the audit period that were not approved by Council, contrary to Ohio Rev. Code Section 5705.14 through .16.

**VILLAGE OF BLANCHESTER
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

10. NONCOMPLIANCE CITATIONS (Continued)

The Village had appropriations in the Curless Trust Fund that exceeded the amount of estimated revenue in the amount of \$56,354 at December 31, 2000, contrary to Ohio Rev. Code, Section 5705.39.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Blanchester, Clinton County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 31, 2002 which was qualified since certain information related to Internal Service Fund disbursements were not available to be audited. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-30414-001 through 2000-30414-006.

We also noted immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 31, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of finding as items 2000-30414-007 through 2000-30414-010.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2000-30414-007 and 2000-30414-008 to be material weaknesses.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated July 31, 2002.

This report is intended solely for the information and use of management and the Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

July 31, 2002

**VILLAGE OF BLANCHESTER
CLINTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

FINDING NUMBER 2000-30414-001

Noncompliance Citation

Ohio Rev. Code, Section 5705.41(B), states no subdivision or taxing unit is to expend money unless it has been appropriated.

At December 31, 2000, the following funds had expenditures that exceeded appropriations:

Fund	Total Appropriations	Total Expenditures	Variance
General	474,111	730,232	(256,121)
Street Construction and Maintenance	128,000	174,090	(46,090)
State Highway	0	1,100	(1,100)
Drug Law Enforcement	0	5,800	(5,800)
Police Equipment Grant	0	10,153	(10,153)
Cops Grant	0	63,506	(63,506)
Treatment Plant Debt Retirement	0	196,727	(196,727)
Waterworks Debt Retirement	0	55,212	(55,212)
Ohio Public Works Commission	0	37,093	(37,093)
Sewer Revenue Assessment	0	96,381	(96,381)
Electric	568,000	2,990,743	(2,422,743)
Water	612,933	704,346	(91,413)
Sewer	587,000	1,122,680	(535,680)
Security Deposits	0	32,212	(32,212)
Solid Waste	70,000	238,718	(168,718)
Employee Health	80,000	160,637	(80,637)

At December 31, 1999, the following funds had expenditures that exceeded appropriations:

Fund	Total Appropriations	Total Expenditures	Variance
Permissive Tax	25,000	224,077	(199,077)
Ohio Public Works Commission	74,185	111,278	(37,093)
Bridge Replacement	0	96,736	(96,736)
Water	475,000	501,403	(25,903)
Security Deposits	0	26,505	(26,505)
Solid Waste	0	215,653	(215,653)
Employee Health	103,000	128,001	(25,001)
Curless Trust	10,000	10,691	(691)

Ohio Rev. Code, Section 5705.38, requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. The 2000 appropriations ordinance was never passed by the Village, thus resulting in numerous negative variances, as noted above.

The Clerk should deny payment requests exceeding appropriations. The Clerk may request Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary. Also, Council should be aware of when required budgetary documents are to be completed and approved by the Village and/or the County Auditor.

We also reported this matter in our audit of the 1998 financial statements.

FINDING NUMBER 2000-30414-002

Noncompliance Citation

Ohio Rev. Code, Section 5705.28, requires the Village to adopt a tax budget on or before July 15 for the next succeeding fiscal year.

The Village Council did not adopt a tax budget during 2000 for the 2001 fiscal year.

FINDING NUMBER 2000-30414-003

Noncompliance Citation

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This Section also provides for two exceptions to the above requirements:

- A. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B. If the amount involved is less than \$1,000 dollars, the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of Council, if such expenditure is otherwise valid.

Of the expenditures we selected for testing all expenditures, contracts, and open purchase commitments were not certified by the Clerk and were not encumbered.

Ohio Admin. Code, Section 117-5-13, requires Villages to utilize purchase orders. The Village did not use purchase orders to control disbursements. As a result, funds were not properly encumbered prior to purchases being made.

We recommend that purchase orders be completed and certified by the Clerk prior to purchases being made. Where a continuing contract is to be performed in whole or in part in an ensuing fiscal year, only the amount required to meet those amounts in the fiscal year in which the contract is made need be certified.

Failure to encumber appropriations can result in overspending funds and negative cash fund balances. Therefore, we recommend the Village obtain approved purchase orders, which contain the Clerk's certification that the amount required to meet the obligation has been lawfully appropriated and authorized, prior to making a commitment.

Furthermore, Ohio Rev. Code, Section 5705.36, requires the fiscal officer to certify to the County Auditor on or about January 1 the amount available for expenditures in each fund in the budget, with year-end balances. We performed a review of commitments existing at each year end and have reflected these outstanding commitments as reserve for encumbrances on the financial statements.

FINDING NUMBER 2000-30414-004

Noncompliance Citation

Ohio Rev. Code, Section 5705.09, requires the Village to establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose. All local governments participating in Issue II Funds (from the Ohio Public Works Commission) must, for each project awarded, establish a capital projects fund to account for both the issue II monies and local matching funds. Upon establishing a fund, estimated receipts should be certified to the County Auditor as available for expenditures and anticipated expenditures should be included in the Village's appropriations.

During 1999 and 2000, the Village received monies from the Ohio Public Works Commission for the Combined Sewer project. Under this grant, payments were made directly to third party vendors that performed the construction work. The Village is required to record these payments made to the vendors as income and expenditures in a separate fund. The Village did not formally establish the required fund to account for these monies.

We recommend the Village formally establish a Sewer capital projects fund as an Enterprise fund type fund and record all future revenue and expenditures on behalf of the Village in this fund. The Village should also include all Issue II monies in its annual budget and continue to monitor the budgetary activity obtaining any necessary amendments. Additional accounting guidance is contained in Auditor of State Bulletin 2002-004.

FINDING NUMBER 2000-30414-005

Noncompliance Citation

Ohio Rev. Code, Sections 5705.14 through .16, imposes several restrictions on the transfer of monies between funds. Money may be transferred from the general fund to any other fund of the Village by resolution of Council.

The following transfers were made by the Village without a Council resolution:

Year	Transfer To	Transfer From	Amount
2000	Curless Trust Fund	General Fund	\$68,426
1999	Curless Trust Fund	General Fund	15,000

We recommend Council properly approve, through a resolution, all transfers to be made by the Village and this approval should be made before the transfer is actually made in the financial records.

FINDING NUMBER 2000-30414-006

Noncompliance Citation

Ohio Rev. Code, Section 5705.39, provides that appropriations from each fund shall not exceed the estimated revenue for expenditures from that fund as certified by the budget commission in the certificate of estimated resources. The Curless Trust Fund had appropriations for the year ended December 31, 2000 of \$88,210 and estimated revenue certified as available by the budget commission in the amount of \$31,856. This resulted in appropriations exceeding the amount of estimated revenue by the amount of \$56,354. We recommend the Village not approve appropriations that will exceed the certificate of estimated resources.

FINDING NUMBER 2000-30414-007

Material Weakness – Financial Reporting

The Village did not prepare accurate or complete monthly cash reconciliations for 2000 and 1999. The CPA firms of David Hollingsworth and Company and Mike Balestra and Company were contracted during the audit to provide accounting services which included preparing monthly reconciliations so that the monthly financial statements would be in an auditable condition. Reconciliations are an effective tool to help management determine the completeness of recorded transactions, as well as, ensure that all recorded transactions have been deposited in the financial institution.

Throughout most of the audit period, the Village's bank balance was not reconciled to the accounting records book balance. This condition could result in errors and other irregularities in the financial statements which are not detected by management.

We recommend the Village Clerk regularly prepare the monthly bank reconciliation in a timely manner and assure that the reconciliations can be supported by detailed records which should be available for inspection. Any variances should be immediately investigated and justified. The person assigned responsibility for preparation of the monthly bank reconciliation should be adequately trained and have knowledge of the Village's operations. In addition, we recommend these reconciliations be presented to and approved by Council.

The Village's current system of internal control does not address the need for the accurate posting and updating of the Village's accounting records and the monitoring of budgetary financial information. The lack of such controls reduces the Village's ability to determine its financial status accurately at any given time and may result in obligations being incurred without the available resources.

In addition, budgeted receipts and appropriations from the official documents should be accurately recorded and updated in the respective ledgers. On a monthly basis, accurate detailed budget and actual financial statements should be presented to Council for review. Council should carefully review this information along with the Mayor's Court report and make appropriate inquiries to help determine the continued integrity of the financial information and accept the information officially in the minutes. Council should be more diligent in their review of the Village's financial activity. If the Clerk has trouble reconciling, steps should be taken immediately to remedy the situation so the financial records are accurate.

FINDING NUMBER 2000-30414-008

Material Weakness – SAS-70 Health Insurance Claims, Investments and Debt Service

The Village of Blanchester has delegated employees' health insurance claims processing, which is a significant accounting function, to the third-party administrator, Avalon Corporation. The Village has not established procedures to reasonably determine whether the service organization has sufficient controls in place and operating effectively to reduce the risk that health insurance claims have been completely and accurately processed in accordance with the health insurance contract.

Additionally, the Village of Blanchester has delegated their investment decisions to National Bank & Trust. They also use National Bank & Trust as their debt trustee bank for (1) the payment of the 1993 Sanitary Sewer bonds and the required reserve related to that debt, (2) the payment of the Fairground Acres Sewer Improvement bonds and (3) the Waterworks improvement bonds and the required reserve related to that debt.

FINDING NUMBER 2000-30414-008
(Continued)

We recommend the Village implement procedures to reasonably assure the completeness and accuracy (including eligibility and allowability) for health insurance claims processed by their third-party administrator and activity processed by National Bank & Trust. Statement on Auditing Standards Numbers 70 and 92 (SAS 70 and 92) as amended prescribes standards for reporting on the processing (i.e. control design and operation) of transactions by service organizations. An unqualified Tier II "Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness" in accordance with SAS No. 70, should provide the Village with an appropriate level of assurance that health insurance claims, investing, and debt trustee services are being processed in accordance with their respective contract.

We recommend the Village specify in contracts with their service organizations that an annual Tier II SAS 70 audit report be performed. The Village should be provided a copy of the SAS 70 report timely and should review the report's content. A SAS 70 audit report should be conducted in accordance with American Institute of Certified Public Accountants' (AICPA) standards by a firm registered and considered in "good standing" with the Accountancy Board of the respective State. If any of the Village's service organizations refuse to provide you with a Tier II SAS 70 report, we recommend you only contract with a service organization that will provide such a report.

FINDING NUMBER 2000-30414-009

Reportable Condition – Debt Covenants

When the Village issued the 1993 \$2,555,000 Sewer Revenue Bonds and the Series 1992A \$600,000 First Mortgage Waterworks System Improvement Revenue Bonds, there were several debt covenants associated with the issuances that the Village did not comply with during the audit period. The Village is required to:

- Furnish to the Trustee at least annually, reports of the operation and income of the system.
- Set up a separate "Replacement and Improvement Fund" Account at the Trustee bank.

During our audit, we found that the Village did not submit any reports to the Trustee bank (National Bank & Trust). We also found that the Village did not set up the separate "Replacement and Improvement Fund" Account at the bank. The Village chose to keep the required monies in their general checking account. However, the Village did set up a separate Sewer "Replacement and Improvement" Fund in their financial records for the Sewer Revenue Bonds. We recommend the Village review their debt covenants and discuss compliance with the lender so they are in compliance with the covenants.

FINDING NUMBER 2000-30414-010

Reportable Condition – Council Minutes

The minutes are the official record of the Village and should contain all pertinent actions. We found that the Village also entered into a financing agreement with Cinergy to build a new substation, which will supply utilities to new customers. It was not clear in the Village minutes if the agreement with Cinergy, approved by Council, was in fact, this agreement. In the minute records, Council approved a general 5-year contract with Cinergy, but did not state the unique arrangement related to this agreement.

To strengthen internal controls and document the official actions of the Council, we recommend the Village record all lease agreements and loans within the minute record.

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VILLAGE OF BLANCHESTER
CLINTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000 AND 1999

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1998-30414-001	Village did not obtain a SAS 70 report for the company that processes their health insurance claims.	No	Not Corrected. Finding has been reissued as Finding No. 2000-30414-008.



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VILLAGE OF BLANCHESTER

CLINTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 12, 2002**