

# RESOLUTION NO. 2019.004

## A RESOLUTION AUTHORIZING FUND BALANCE ADJUSTMENTS INCURRED FROM THE 2015-2016 STATE AUDIT AND ESTABLISHING FUND BALANCE ADJUSTMENT SCHEDULES

WHEREAS, representatives of the State Auditor's Office have identified and directed certain fund balance adjustments must be made from the Water and Sewer Operating Funds to the Electric Operating Fund in the 2015-2016 audit pertinent provisions attached hereto (Exhibit A, Auditor of State Conclusion to Finding Number 2016-005); and

WHEREAS, the Board of Public Affairs has approved a "repayment" schedule of such adjustments (Exhibit B); and

WHEREAS, this Council now wishes to retroactively authorize and approve such adjustments in compliance with the 2015-2016 audit;

**NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE VILLAGE OF BLANCHESTER THAT:**


**SECTION 1:** The action of the Village Fiscal Officer in making adjustments to the Village's financial statements at the direction of the representative of the Auditor of State, as set forth in Exhibit A attached hereto and incorporated herein by reference, is hereby authorized and approved. Such adjustments shall be divided equally into 12 segments and each segment fund balance adjustment shall be made monthly by the Fiscal Officer accordingly.

**SECTION 2:** It is hereby found and determined that all formal actions of this Council concerning and relating to the passage of this Resolution were adopted in an open meeting of this Council, and that all deliberations of this Council and any of its Committees that resulted in such formal action were in meetings open to the public in compliance with all legal requirements, included Section 121.22 of the Ohio Revised Code.

Chad Hollon moved the adoption and Don Gephart seconded the motion and the roll being called upon its adoption the vote resulted as follows:

Mr. Bauer-	Yea.
Mr. Gephart-	Yea.
Mr. Hollon-	Yea.
Mr. Hopkins-	Yea.
Mr. Simpson-	Yea.
Ms. Sutton-	Yea.

Adopted this 14th day of February, 2019.

  
John Carman, Mayor

  
Attest: Jewellie Casteel, Fiscal Officer

Fiscal Officer's Certificate:

The State of Ohio, County of Clinton, ss:

I, Jewellie Casteel, Fiscal Officer of the Village of Blanchester, Clinton County, and in whose custody the Files, Journals, and Records are required by the laws of the State of Ohio to be kept, do hereby certify that the foregoing Resolution is taken and copied from the original Resolution now on file with said Village, that the foregoing Resolution has been compared by me with the said original and that the same is a true and correct copy thereof, and has been posted as required by law. This Resolution has been duly published by posting in the following places: Blanchester Municipal Building, 318 E. Main St.; First National Bank, 121 E. Main St.; Blanchester Post Office, 115 S. Wright St.; Save-A-Lot, 121 S. Broadway St.; and at the Blanchester Public Library, 110 N. Broadway St., each for a period of fifteen (15) days commencing on the 20th day of February, 2019.

Witness my signature this 14th day of February, 2019.

  
Fiscal Officer of the Village of Blanchester, Clinton County, Ohio



Exhibit A

**FINDING NUMBER 2016-005**  
**(Continued)**

**Auditor of State Conclusion:**

Management is responsible for compliance with the Ohio Revised Code, which as stated in the finding, provides that money paid into a fund shall be used only for the purpose for which such a fund is established. Village management should cease the practice of making payments from funds for purposes other than which the fund was established. Village management should also establish a plan to repay the Electric Fund. The plan may cover multiple years and involve a careful review of disbursements and revenue sources in the funds making the repayment; however, the Electric fund should be reimbursed.

**FINDING NUMBER 2016-006**

**Significant Deficiency – 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:

- The unidentified remaining balance of the payroll fund in the Village's payroll account reconciliation at December 31, 2016 was \$35,522.74, and at December 31, 2015 \$67,709.41 which should reconcile to payroll withholdings held by the Village and not yet remitted.
- The petty cash accounts, totaling \$1,100, were not included in the Villages fund balance

The payroll checking account balance should agree to unremitted withholdings and outstanding checks. Failure to include the payroll account as part of the reconciliation resulted in the accumulation of funds in the Village payroll account.

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

**Officials' Response:**

The Village converted to the Auditor of State of Ohio Uniform Accounting Network (UAN) financial software mid-2017 which eliminated the need for an additional payroll checking account. The payroll checking account has a running balance currently that has not changed for several months as no further transactions were required to be processed through said checking account. Our office was instructed by state auditors that after a period of time has passed, the remaining unchanged balance of this checking account could be lawfully received into the General Fund of the Village. The Village is asking the State for advice regarding timing and the proper method in order to complete this transaction. Petty cash account reconciliations were added to the Fiscal Office monthly reconciliation listing as a result of the 2013-2014 audit which officially concluded in 2017.

**Auditor of State Conclusion:**

Village management is responsible for the accurate reconciliation of Village accounts. The Village was advised to, after a consistent unreconciled balance has been established; consult with their attorney to establish the basis for moving the balance to either Unclaimed Funds or to the General Fund.

**2015-2016 AUDIT ADJUSTMENTS NOT POSTED**

	<b>FINDING FOR ADJUSTMENT</b>
<b>WATER FUND</b>	\$189,880.00
<b>SEWER FUND</b>	\$212,084.00
<b>TOTAL</b>	<b>\$401,964.00</b>

**WATER FUND AUDIT ADJUSTMENT TO ELECTRIC FUND TIME TABLE**

2018	\$10,000.00
2019	\$10,000.00
2020	\$10,000.00
2021	\$10,000.00
2022	\$10,000.00
2023	\$10,000.00
2024	\$10,000.00
2025	\$10,000.00
2026	\$10,000.00
2027	\$10,000.00
2028	\$10,000.00
2029	\$10,000.00
2030	\$10,000.00
2031	\$10,000.00
2032	\$10,000.00
2033	\$10,000.00
2034	\$10,000.00
2035	\$10,000.00
2036	\$9,880.00
<b>TOTAL</b>	<b>\$189,880.00</b>

**SEWER FUND AUDIT ADJUSTMENT TO ELECTRIC FUND TIME TABLE**

2018	\$10,000.00
2019	\$10,000.00
2020	\$10,000.00
2021	\$10,000.00
2022	\$10,000.00
2023	\$10,000.00
2024	\$10,000.00
2025	\$10,000.00
2026	\$10,000.00
2027	\$10,000.00
2028	\$10,000.00
2029	\$10,000.00
2030	\$10,000.00
2031	\$10,000.00
2032	\$10,000.00
2033	\$10,000.00
2034	\$10,000.00
2035	\$10,000.00
2036	\$10,000.00
2037	\$10,000.00
2038	\$10,000.00
2039	\$2,084.00
<b>TOTAL</b>	<b>\$212,084.00</b>