

VILLAGE OF BLUFFTON  
ALLEN COUNTY, OHIO

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AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2001 AND 2000





STATE OF OHIO  
OFFICE OF THE AUDITOR

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Village Council  
Village of Bluffton  
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P.O. Box 63  
Bluffton, Ohio 45817-0063

We have reviewed the Independent Auditor's Report of the Village of Bluffton, Allen County, prepared by E. S. Evans and Company, for the audit period January 1, 2000 through December 31, 2001. 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 Bluffton is responsible for compliance with these laws and regulations.

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JIM PETRO  
Auditor of State

July 17, 2002

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VILLAGE OF BLUFFTON  
ALLEN COUNTY, OHIO

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# ***E.S. Evans and Company***

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Robert E. Wendel, CPA

• Dan F. Clifford, CPA

• E.S. Evans, CPA, PFS (1930-1999)

May 17, 2002

## INDEPENDENT AUDITOR'S REPORT

Village of Bluffton  
Allen County, Ohio

and

Auditor of State of Ohio  
Columbus, Ohio

We have audited the accompanying combined financial statements of the Village of Bluffton, as of and for the years ended December 31, 2001 and 2000. These combined financial statements are the responsibility of the Village of Bluffton's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

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 combined 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.

As discussed in Note 1, the Village of Bluffton prepares its combined 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, the combined financial statements referred to above present fairly, in all material respects, the combined cash, investments, and combined fund cash balances of the Village of Bluffton, as of December 31, 2001 and 2000, 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 a report dated May 17, 2002 on our consideration of the Village of Bluffton's internal control over financial reporting and on 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.

Village of Bluffton  
Auditor of State of Ohio  
May 17, 2002  
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This report is intended solely for the information and use of management, 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 specific parties.

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VILLAGE OF BLUFFTON  
ALLEN COUNTY, OHIO

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COMBINED STATEMENT OF CASH, INVESTMENTS,  
AND FUND CASH BALANCES - ALL FUND TYPES

December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
<u>POOLED CASH AND INVESTMENTS</u>		
Cash/Deposits	\$ 625,707	\$ 217,458
Investments	<u>2,443,267</u>	<u>2,414,495</u>
Total	<u>\$ 3,068,974</u>	<u>\$ 2,631,953</u>

POOLED CASH AND INVESTMENT BALANCES BY FUND TYPE

Governmental Funds:

General Fund	\$ 1,789,155	\$ 1,370,981
Special Revenue Funds	225,200	161,317
Debt Service Funds	4,638	4,637
Capital Projects Funds	673,505	853,429

Proprietary Funds:

Enterprise Funds	374,356	239,454
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Fiduciary Funds:

Expendable Trust Funds	278	278
Non-Expendable Trust Funds	<u>1,842</u>	<u>1,857</u>

Total	<u>\$ 3,068,974</u>	<u>\$ 2,631,953</u>
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The accompanying notes are an integral part  
of these financial statements.

VILLAGE OF BLUFFTON  
ALLEN COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL  
FUND TYPES AND SIMILAR FIDUCIARY FUNDS

For the Year Ended December 31, 2001

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<u>Revenue Receipts:</u>			
Local Taxes	\$ 1,459,608	\$ -	\$ -
Intergovernmental Revenues	434,984	120,715	-
Special Assessments	-	-	8,969
Charges for Services	158,551	15,640	-
Fines, Licenses, and Permits	14,647	748	-
Interest Revenues	86,872	9,229	-
Miscellaneous	27,238	675	-
Total Revenue Receipts	<u>2,181,900</u>	<u>147,007</u>	<u>8,969</u>
<u>Expenditure Disbursements:</u>			
Current -			
Security of Persons and Property	505,819	66	-
Public Health and Welfare	37,108	24,272	-
Leisure Time Activities	98,353	32,911	-
Community Environment	1,347	-	-
Basic Utility Services	7,875	-	-
Transportation	13,814	127,894	-
General Government	392,961	-	220
Capital Outlay	345,449	93,227	-
Debt Service	-	51,754	120,643
Total Expenditure Disbursements	<u>1,402,726</u>	<u>330,124</u>	<u>120,863</u>
Total Revenue Receipts Over/(Under)			
Expenditure Disbursements	779,174	(183,117)	(111,894)
<u>Other Financing Sources (Uses):</u>			
Sale of Fixed Assets	120,000	-	-
Receipt of Loan	-	-	-
Transfers-In	-	247,000	111,895
Transfers-Out	(481,000)	-	-
Total Other Financing Sources (Uses)	<u>(361,000)</u>	<u>247,000</u>	<u>111,895</u>
Excess of Receipts and Other Financing			
Sources Over/(Under) Expenditures	418,174	63,883	1
Fund Cash Balance - January 1, 2001	<u>1,370,981</u>	<u>161,317</u>	<u>4,637</u>
Fund Cash Balance - December 31, 2001	\$ <u><u>1,789,155</u></u>	\$ <u><u>225,200</u></u>	\$ <u><u>4,638</u></u>

The accompanying notes are an integral part  
of these financial statement.

Governmental Fund Type	Fiduciary Fund	Totals
Capital Project	Expendable Trust	(Memorandum Only)
\$ -	\$ -	\$ 1,459,608
-	-	555,699
-	-	8,969
-	-	174,191
-	-	15,395
33,907	-	130,008
2,500	-	30,413
<u>36,407</u>	<u>-</u>	<u>2,374,283</u>
-	-	505,885
-	-	61,380
-	-	131,264
-	-	1,347
-	-	7,875
-	-	141,708
-	-	393,181
229,291	-	667,967
-	-	172,397
<u>229,291</u>	<u>-</u>	<u>2,083,004</u>
(192,884)	-	291,279
8,500	-	128,500
8,355	-	8,355
108,000	-	466,895
(111,895)	-	(592,895)
<u>12,960</u>	<u>-</u>	<u>10,855</u>
(179,924)	-	302,134
853,429	278	2,390,642
<u>\$ 673,505</u>	<u>\$ 278</u>	<u>\$ 2,692,776</u>

VILLAGE OF BLUFFTON  
ALLEN COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL  
FUND TYPES AND SIMILAR FIDUCIARY FUNDS

For the Year Ended December 31, 2000

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<u>Revenue Receipts:</u>			
Local Taxes	\$ 1,512,624	\$ -	\$ -
Intergovernmental Revenues	359,753	95,663	-
Special Assessments	-	-	8,415
Charges for Services	146,031	14,248	-
Fines, Licenses, and Permits	25,872	1,806	-
Interest Revenues	87,090	5,765	-
Miscellaneous	30,729	1,568	-
Total Revenue Receipts	<u>2,162,099</u>	<u>119,050</u>	<u>8,415</u>
<u>Expenditure Disbursements:</u>			
Current -			
Security of Persons and Property	555,351	443	-
Public Health and Welfare	29,515	24,337	-
Leisure Time Activities	93,245	31,791	-
Community Environment	1,347	-	-
Transportation	12,829	126,884	-
General Government	323,598	-	-
Capital Outlay	108,532	29,928	-
Debt Service	-	33,532	121,455
Total Expenditure Disbursements	<u>1,124,417</u>	<u>246,915</u>	<u>121,455</u>
Total Revenue Receipts Over/(Under)			
Expenditure Disbursements	1,037,682	(127,865)	(113,040)
<u>Other Financing Sources (Uses):</u>			
Sale of Fixed Assets	-	-	-
Receipt of Loan	-	-	-
Transfers-In	-	217,250	112,275
Transfers-Out	(419,435)	-	-
Total Other Financing Sources (Uses)	<u>(419,435)</u>	<u>217,250</u>	<u>112,275</u>
Excess of Receipts and Other Financing			
Sources Over/(Under) Expenditures	618,247	89,385	(765)
Fund Cash Balance - January 1, 2000	<u>752,734</u>	<u>71,932</u>	<u>5,402</u>
Fund Cash Balance - December 31, 2000	<u>\$ 1,370,981</u>	<u>\$ 161,317</u>	<u>\$ 4,637</u>

The accompanying notes are an integral part  
of these financial statements.

Governmental Fund Type	Fiduciary Fund	Totals
Capital Project	Expendable Trust	(Memorandum Only)
\$ -	\$ -	\$ 1,512,624
-	-	455,416
-	-	8,415
-	-	160,279
-	-	27,678
60,512	-	153,367
1,000	-	33,297
<u>61,512</u>	<u>-</u>	<u>2,351,076</u>
-	-	555,794
-	-	53,852
-	-	125,036
-	-	1,347
-	-	139,713
-	-	323,598
657,442	-	795,902
-	-	154,987
<u>657,442</u>	<u>-</u>	<u>2,150,229</u>
(595,930)	-	200,847
6,721	-	6,721
100,043	-	100,043
92,185	-	421,710
<u>(112,275)</u>	<u>-</u>	<u>(531,710)</u>
<u>86,674</u>	<u>-</u>	<u>(3,236)</u>
(509,256)	-	197,611
1,362,685	278	2,193,031
<u>\$ 853,429</u>	<u>\$ 278</u>	<u>\$ 2,390,642</u>

VILLAGE OF BLUFFTON  
ALLEN COUNTY, OHIO

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**COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND CASH BALANCE - PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS**

For the Year Ended December 31, 2001

	Proprietary Fund	Fiduciary Fund	Totals
	Enterprise	Non-Expendable Trust	(Memorandum Only)
<u>Operating Receipts:</u>			
Charges for Services	\$ 1,141,817	\$ -	\$ 1,141,817
<u>Operating Disbursements:</u>			
Personnel Services	313,921	-	313,921
Contractual Services	261,487	-	261,487
Material and Supplies	115,563	95	115,658
Capital Outlay	209,827	-	209,827
Total Operating Disbursements	900,798	95	900,893
Excess of Cash Operating Receipts Over/ (Under) Operating Disbursements	241,019	(95)	240,924
<u>Non-Operating Receipts/(Disbursements):</u>			
Sale of Notes	1,824,881	-	1,824,881
Interest	-	80	80
Miscellaneous	17,200	-	17,200
Sale of Fixed Assets	234	-	234
Debt Service	(2,074,432)	-	(2,074,432)
Total Non-Operating Receipts/(Disbursements)	(232,117)	80	(232,037)
Excess of Net Cash Receipts Over/(Under) Disbursements Before Transfers and Advances	8,902	(15)	8,887
Transfers-In	126,000	-	126,000
<u>Fund Cash Balance</u> - January 1, 2001	239,454	1,857	241,311
<u>Fund Cash Balance</u> - December 31, 2001	\$ 374,356	\$ 1,842	\$ 376,198

The accompanying notes are an integral part  
of these financial statements

VILLAGE OF BLUFFTON  
ALLEN COUNTY, OHIO

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**COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND CASH BALANCE - PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS**

For the Year Ended December 31, 2000

	Proprietary Fund	Fiduciary Fund	Totals
	Enterprise	Non-Expendable (Memorandum Trust)	(Memorandum Only)
<u>Operating Receipts:</u>			
Charges for Services	\$ 952,384	\$ -	\$ 952,384
<u>Operating Disbursements:</u>			
Personnel Services	274,831	-	274,831
Contractual Services	241,404	-	241,404
Material and Supplies	110,086	75	110,161
Capital Outlay	201,760	-	201,760
Total Operating Disbursements	828,081	75	828,156
Excess of Cash Operating Receipts Over/ (Under) Operating Disbursements	124,303	(75)	124,228
<u>Non-Operating Receipts/(Disbursements):</u>			
Sale of Notes	1,795,000	-	1,795,000
Interest	-	63	63
Miscellaneous	24,954	-	24,954
Debt Service	(1,999,721)	-	(1,999,721)
Total Non-Operating Receipts/(Disbursements)	(179,767)	63	(179,704)
Excess of Net Cash Receipts Over/(Under) Disbursements Before Transfers and Advances	(55,464)	(12)	(55,476)
Transfers-In	110,000	-	110,000
<u>Fund Cash Balance</u> - January 1, 2000	184,918	1,869	186,787
<u>Fund Cash Balance</u> - December 31, 2000	\$ 239,454	\$ 1,857	\$ 241,311

The accompanying notes are an integral part  
of these financial statements.

VILLAGE OF BLUFFTON  
ALLEN COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2001 and 2000

Note 1 - Summary of Significant Accounting Policies

Description of the Entity

The Village of Bluffton, Allen County, (the Village) is a political and corporate body established for the purpose of exercising 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 government services, including: public safety, street maintenance, park operations (leisure time activities), water and sewer facilities, and general administrative services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Basis of Accounting

The Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Consequently, receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when the liability is incurred. A general fixed asset group and long-term debt group of accounts are not recorded on the financial statements by the Village under the basis of accounting used. 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.

Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations or limitations. The Village uses the following major fund types:

Governmental Funds

General Fund

The General Fund accounts for all the revenues and expenditures of the Village that is not required to be accounted for in other funds.



VILLAGE OF BLUFFTON  
ALLEN COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2001 and 2000

Note 1 - Summary of Significant Accounting Policies - (continued)

Fund Accounting - (continued)

Special Revenue Fund

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than capital projects and trusts), the expenditures for which are legally restricted for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Park and Recreation Fund - This fund receives grants and donations to fund operations of the park.

Cemetery Fund - This fund receives payments for burials, sale of lots, and foundations for the cemetery controlled by the Village.

Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Construction Capital Improvement Fund - This fund accounts for various grants and collects interest to pay for needed improvements.

Water Tower Improvement Fund - This fund accounts for various grants and collects interest to pay for improvements to the waterworks facilities.

Town Hall and Swimming Pool Improvement Fund - This fund accounts for various grants and donations to pay for improvements to the swimming pool and town hall.

Fire and Rescue Improvement Fund - This fund is used to pay for improvements for fire and rescue operations.

VILLAGE OF BLUFFTON  
ALLEN COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2001 and 2000

Note 1 - Summary of Significant Accounting Policies - (continued)

Fund Accounting - (continued)

Debt Service Funds

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

Swimming Pool Debt Service Fund - This fund is responsible for paying the general obligation bond for the construction and equipping of a new municipal swimming facility.

Proprietary Funds

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:

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

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

Refuse Fund – This fund receives charges for services from residents to cover the cost of providing this service.

Water Debt Service Fund - This fund receives a portion of receipts for utilities to repay the water general obligation notes.

Fiduciary Funds

Trust 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 non-expendable trust fund. Other trust funds are classified as expendable.

VILLAGE OF BLUFFTON  
ALLEN COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2001 and 2000

Note 1 - Summary of Significant Accounting Policies - (continued)

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 Village 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.

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.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

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.

Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

Total Columns on Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

VILLAGE OF BLUFFTON  
ALLEN COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2001 and 2000

Note 2 – Equity In Pooled Cash and Investments

The Village maintains a cash and investments 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:

	<u>2001</u>	<u>2000</u>
Petty Cash	\$ 3,450	\$ 3,450
Demand Deposits	622,257	214,008
Investments:		
STAR Ohio	2,440,587	2,409,135
Special Assessments	<u>2,680</u>	<u>5,360</u>
Total Deposits and Investments	<u>\$ 3,068,974</u>	<u>\$ 2,631,953</u>

Deposits - Deposits are insured by the Federal Depositary Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village, or collateralized by the financial institutions public entity deposit pool.

Investments - Investments in STAR Ohio are not evidenced by securities that exist in physical or book entry form. Special assessment bonds are Village owned.

VILLAGE OF BLUFFTON  
ALLEN COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS  
December 31, 2001 and 2000

Note 3 – Budgetary Activity

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 3,219,202	\$ 2,301,900	\$ (917,302)
Special Revenue	561,117	394,007	(167,110)
Debt Service	187,645	120,864	(66,781)
Capital Projects	1,006,624	161,262	(845,362)
Enterprise	8,260,266	3,110,132	(5,150,134)
Fiduciary	2,201	80	(2,121)
Total	\$ <u>13,237,055</u>	\$ <u>6,088,245</u>	\$ <u>(7,148,810)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 2,277,224	\$ 1,883,726	\$ 393,498
Special Revenue	440,293	330,124	110,169
Debt Service	182,925	120,863	62,062
Capital Projects	556,759	341,186	215,573
Enterprise	7,933,657	2,975,230	4,958,427
Fiduciary	140	95	45
Total	\$ <u>11,390,998</u>	\$ <u>5,651,224</u>	\$ <u>5,739,774</u>

VILLAGE OF BLUFFTON  
ALLEN COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS  
December 31, 2001 and 2000

Note 3 – Budgetary Activity – (continued)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,765,899	\$ 2,162,099	\$ (603,800)
Special Revenue	413,575	336,300	(77,275)
Debt Service	147,261	120,690	(26,571)
Capital Projects	1,064,827	260,461	(804,366)
Enterprise	3,043,588	2,882,338	(161,250)
Fiduciary	2,148	63	(2,085)
Total	\$ <u>7,437,298</u>	\$ <u>5,761,951</u>	\$ <u>(1,675,347)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,175,637	\$ 1,543,852	\$ 631,785
Special Revenue	363,870	246,915	116,955
Debt Service	125,473	121,455	4,018
Capital Projects	624,036	769,717	(145,681)
Enterprise	2,997,298	2,827,802	169,496
Fiduciary	456	75	381
Total	\$ <u>6,286,770</u>	\$ <u>5,509,816</u>	\$ <u>776,954</u>

The Village was not fully in compliance with Ohio Revised Code Section 5705.41(B) for 2000.

Note 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 Revenues. Payments are due to the County by December 31st. If the property owner elects to make semi-annual payments, the second half payment is due the following June 20th.

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

VILLAGE OF BLUFFTON  
ALLEN COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2001 and 2000

Note 4 – Property Tax - (continued)

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by April 30<sup>th</sup> of each year.

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

Note 5 – Income Tax

The Village has a locally levied municipal income tax of 1% for both 2000 and 2001. It is applied to gross salaries, wages and other personal service compensation earned by residents both in and out of Bluffton and to earnings of nonresidents (except certain transients) earned in the Village. It also applies to net income of business organizations operating within Bluffton. The tax receipts are credited to the General Fund and amounted to \$1,259,001 in 2001 and \$1,337,822 in 2000.

Note 6 – Debt

Debt Outstanding at December 31, 2001, was as follows:

	<u>Principal</u>	<u>Interest Rates</u>
Swimming Pool General Obligation Bonds	\$ 105,000	3.25% - 5.9%
General Obligation Bonds - Street	120,000	5% - 5.8%
General Obligation Bonds - Sewer	315,000	4% - 4.6%
OWDA Loan	1,808,145	5.77%
Issue II Loan	159,435	0%
Special Assessments	2,680	7% - 9.25%
Total	\$ <u>2,510,260</u>	

The Swimming Pool General Obligation Bonds were issued to finance the construction and equipping of a new municipal swimming facility.

The General Obligation Bonds – Street were issued in 1995 for street improvements.

The General Obligation Bonds – Sewer were issued in 1999 to advance refund Sanitary Sewer Mortgage Revenue Bonds from 1989.

The OWDA Loan was used for water system improvements.

The Issue II Loan was granted by the Ohio Public Waterworks Commission to finance sanitary sewer improvements.

Outstanding Special Assessment bonds consist of street improvement issues which are payable from the proceeds of tax assessments against individual property owners.

VILLAGE OF BLUFFTON  
ALLEN COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS  
December 31, 2001 and 2000

Note 6 – Debt – (continued)

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

Year Ending December 31:	Swimming Pool Gen Oblig Bonds	Gen Oblig Bonds Street	Gen Oblig Bonds Sewer
2002	\$ 111,195	\$ 36,420	\$ 114,185
2003	-	34,860	114,785
2004	-	33,270	115,060
2005	-	31,650	-
2006	-	-	-
Subsequent	-	-	-
Total	\$ <u>111,195</u>	\$ <u>136,200</u>	\$ <u>344,030</u>

Year Ending December 31:	OWDA Loan	Issue II Loan	Special Assessments
2002	\$ 138,768	\$ 8,176	\$ 2,868
2003	138,768	8,176	-
2004	138,768	8,176	-
2005	138,768	8,176	-
2006	138,768	8,176	-
Subsequent	2,705,961	118,555	-
Total	\$ <u>3,399,801</u>	\$ <u>159,435</u>	\$ <u>2,868</u>

Year Ending December 31:	TOTAL
2002	\$ 411,612
2003	296,589
2004	295,274
2005	178,594
2006	146,944
Subsequent	2,824,516
Total	\$ <u>4,153,529</u>



VILLAGE OF BLUFFTON  
ALLEN COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2001 and 2000

Note 7 – Capital Lease Payable

The village has entered into an 8 year lease with Emergency One, Inc. for a fire truck. The lease called for a down payment of \$200,000 and 8 annual payments in arrears with interest computed at 5.09077% per annum.

Future payments of this lease are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 42,084	\$ 14,606	\$ 56,690
2003	44,226	12,464	56,690
2004	46,478	10,212	56,690
2005	48,844	7,846	56,690
2006	51,330	5,359	56,689
Thereafter	53,944	2,746	56,690
Total	<u>\$ 286,906</u>	<u>\$ 53,233</u>	<u>\$ 340,139</u>

Note 8 – Retirement Systems

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF 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.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, members of PFDPF contributed 10 percent of their wages to the PFDPF. The Village contributed an amount equal to 19.5 percent of police participant wages. For 2001 and 2000, PERS members contributed 8.5 percent of their gross salaries. The Village contributed an amount equal to 13.55 percent of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13 percent effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

Note 9 – Risk Management

The Village maintains comprehensive insurance coverage with private insurers for all real and personal property, including automobile coverage for the following risks: general liability, auto liability, uninsured motorists, property coverage, inland marine, crime, and public employee bonding.

The Village offers medical and life insurance coverage for full-time employees through a commercial insurer.

VILLAGE OF BLUFFTON  
ALLEN COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2001 and 2000

Note 10 – Contingent Liabilities

The Village is a defendant in a lawsuit. The management of the Village of Bluffton intends to vigorously defend itself against the claims. Since no discovery has been completed in the case, it is impossible to estimate the amount or range of potential loss at this time. The complainant seeks damages in excess of \$25,000.



# ***E.S. Evans and Company***

**Certified Public Accountants and Consultants**

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P.O. Box 298 • Lima, Ohio 45802 • Fax: (419) 222-8507 • E-mail: askus@esevans.com

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Robert E. Wendel, CPA • Dan F. Clifford, CPA • E.S. Evans, CPA, PFS (1930-1999)

May 17, 2002

**REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Village of Bluffton  
Allen County, Ohio

and

Auditor of State of Ohio  
Columbus, Ohio

We have audited the combined financial statements of the Village of Bluffton, Allen County, Ohio as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 17, 2002. 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 of Bluffton'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 one instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings as item 2001 - 8140 - 001. We also noted certain immaterial instances of noncompliance, which we have reported to management of Village of Bluffton in a separate letter dated May 17, 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 an instance involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2001 – 8140 – 002.

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, we believe the reportable condition described above is a material weakness. 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 May 17, 2002.

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

A handwritten signature in red ink, appearing to read "E. J. ...", is located in the lower right quadrant of the page.

VILLAGE OF BLUFFTON  
ALLEN COUNTY, OHIO

SCHEDULE OF FINDINGS  
December 31, 2001 and 2000

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

Finding Number	2001 -8140 - 001
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Noncompliance

Ohio Revised Code § 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

Should this requirement not be met, the section provides two exceptions, which could prevent the contract from being void:

- A. Concerning contracts where the amount in question is \$1,000 or greater, the fiscal officer should present to the taxing authority of the subdivision or taxing unit a certificate stating that, at both the time the contract was made and at the time of the issuance of said certificate, a sufficient sum had been appropriated and was in the treasury or in the process of being collected and that money was free from any encumbrances. Within thirty days from the receipt of the certificate, the legislative authority may authorize a warrant for the payment of the amount due.
- B. Concerning amounts less than \$1,000, the fiscal officer must issue a certificate stating the same as in the first exception. However, the fiscal officer does not need to seek the approval of the legislative authority in order to authorize the payment of the contract.

The Clerk/Treasurer did not make the proper certification of funds for 46 percent of the transactions tested during the audit period. We recommend that the Clerk/Treasurer certify all expenditures at the point when the contract is entered into or orders for goods or services are placed by Village officials. The certification can also be made through the use of "regular blanket", "then and now" or "super blanket" certificates.

VILLAGE OF BLUFFTON  
ALLEN COUNTY, OHIO

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SCHEDULE OF FINDINGS  
December 31, 2001 and 2000

Finding Number	2001 -8140 - 002
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Prior Certification of Funds

In many instances, the Village of Bluffton's transactions did not include certification of the Clerk/Treasurer prior to the commitment being incurred. This procedure is not only required by Ohio law but is also a key control in the disbursement process to help assure that purchase commitments receive prior approval and to help reduce the possibility of the Village funds being over-expended.

To improve controls over disbursements, it is recommended that all Village disbursements receive prior certification of the Clerk/Treasurer and that the Village Council periodically review the expenditures made to ensure they are properly certified by the Clerk/Treasurer and recorded against appropriations.

VILLAGE OF BLUFFTON  
ALLEN COUNTY, OHIO

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SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2001 and 2000

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected: Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1999 -1	Ohio Revised Code Section 5705.41(D) Certificate of Fiscal Officer	No	Not Corrected – Repeated as current year finding 2001 – 8140 - 001
1999-2	Prior Certification of Funds	No	Not Corrected – Repeated as current year finding 2001 – 8140 - 002







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**VILLAGE OF BLUFFTON**

**ALLEN 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  
AUGUST 6, 2002**