

VILLAGE OF BLUFFTON

ALLEN & HANCOCK COUNTY

REGULAR AUDIT

JANUARY 1, 2008 THROUGH DECEMBER 31, 2009

FISCAL YEARS AUDITED UNDER GAGAS: 2009 & 2008

Caudill & Associates, CPA's

725 5th Street

Portsmouth, OH 45662



Mary Taylor, CPA

Auditor of State

Members of Council
Village of Bluffton
PO Box 63
Bluffton, Ohio 45817

We have reviewed the *Independent Auditor's Report* of the Village of Bluffton, Allen County, prepared by Caudill & Associates, CPA's for the audit period January 1, 2008 through December 31, 2009. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 3, 2010

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 Allen & Hancock County
 For the Years Ended December 31, 2009 and 2008
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Independent Auditor's Report

Village of Bluffton
Allen & Hancock County
P.O. Box 63
Bluffton, Ohio 45817

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Village of Bluffton, Allen & Hancock County, Ohio, (the Village) as of and for the years ended December 31, 2009 and 2008 which collectively comprise the Village's basic financial statements. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these 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 audits 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.

As discussed in Note 2, the Village has prepared these financial statements and notes using the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Village of Bluffton, Allen & Hancock County, Ohio as of December 31, 2009 and 2008, and the respective changes in cash basis financial position and the respective budgetary comparisons for the General Fund and Street Construction Fund, thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Village of Bluffton
Allen & Hancock County
Independent Auditors' Report

The Management's Discussion and Analysis on pages 3-10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Caudill & Associates, CPA's

Caudill & Associates, CPA's
June 9, 2010

Village of Bluffton
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and December 31, 2008
Unaudited

This management discussion and analysis of the Village of Bluffton's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2009 and 2008, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2009 and 2008 are as follows:

2009 net assets of governmental activities decreased \$305,233 or 9.96 percent, a moderate change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the Street Fund, due to the completion of the downtown Streetscape project.

2008 net assets of governmental activities decreased \$2,030,445 or 39.86 percent, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the Town Hall Improvement Fund, which realized the greatest decrease due to completion of the renovated Town Hall building.

The Village's general receipts are primarily income taxes, property and other local taxes, and intergovernmental receipts. These receipts represent respectively 55.86, 12.65 and 14.94 percent of the total cash received for governmental activities during 2009 and 59.76, 12.26 and 12.11 percent of the total cash received for governmental activities during 2008. Income tax receipts for 2009 were down by 11.96 percent compared to 2008.

2009 net assets of business-type activities increased \$23,699. This 2009 increase was mainly due to increases in charges for services and sales. 2008 net assets of business-type activities increased \$185,199 due to an increase in overall operating receipts.

The Village refinanced the bond anticipation note issued for the renovation of the Town Hall Building. \$1,500,000 of the original debt was retired during 2009. Phase II of the downtown Streetscape project was completed during the year.

The Village has entered into an agreement with the Village of Ottawa for the purchase of water.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

Village of Bluffton
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and December 31, 2008
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The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Government as a Whole

The Statement of Net Assets and the Statement of Activities reflect how the Village did financially during 2009 and 2008, within the limitations of cash basis accounting. The Statement of Net Assets presents the cash balances of the governmental and business-type activities of the Village at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the Statement of Net Assets and the Statement of Activities, we divide the Village into two types of activities:

Governmental activities: Most of the Village's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity: The Village has three business-type activities, the provision of water, sewer and refuse services. Business-type activities are financed by a fee charged to the customers receiving the service.

Village of Bluffton
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and December 31, 2008
Unaudited

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's only major governmental funds are the General, Capital Improvement, and Town Hall Improvement Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has two major enterprise funds, the Water and Sewer Funds. When the services are provided to other departments of the Village, the service is reported as an internal service fund. The Village has no internal service funds.

Village of Bluffton
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and December 31, 2008
Unaudited

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2009 compared to 2008 on a cash basis:

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets						
Cash and Cash Equivalents	\$ 2,758,794	\$ 3,064,026	\$ 844,681	\$ 820,982	\$ 3,603,475	\$ 3,885,008
Total Assets	\$ 2,758,794	\$3,064,026	\$ 844,681	\$ 820,982	\$ 3,603,475	\$ 3,885,008
Net Assets						
Restricted for:						
Debt Service	\$ 863	\$ 863	\$ 189,338	\$ 187,948	\$ 190,201	\$ 188,811
Capital Outlay	902,229	902,229	211,355	75,701	1,113,583	977,930
Other Purposes	619,302	619,302	-	-	619,302	619,302
Cemetery Endowment	-	-	-	-	-	-
Nonexpendable	1,851	1,851	-	-	1,851	1,851
Unrestricted	1,234,549	1,539,781	443,988	557,333	1,678,538	2,097,114
Total Net Assets	\$2,758,794	\$3,064,026	\$844,681	\$820,982	\$3,603,475	\$3,885,008

As mentioned previously, net assets of governmental activities decreased \$305,232 or 9.96 percent during 2009. The primary reason contributing to the decreases in cash balances is as follows:

- Phase II of the downtown Streetscape project was completed.

Village of Bluffton
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and December 31, 2008
Unaudited

Table 2 reflects the changes in net assets in 2009 and 2008.

(Table 2)
Changes in Net Assets

	Governmental Activities 2009	Governmental Activities 2008	Business Type Activities 2009	Business Type Activities 2008
Receipts:				
Program Receipts:				
Charges for Services and Sales	\$348,586	\$277,482	\$1,791,220	\$1,643,771
Operating Grants and Contributions	411,760	484,383	-	-
Capital Grants and Contributions	37,791	43,180	-	-
Total Program Receipts	\$ 798,137	\$ 805,045	\$ 1,791,220	\$ 1,643,771
General Receipts:				
Property and Other Local Taxes	357,807	230,187	-	-
Income Taxes	1,641,474	1,864,665	-	-
Cable Franchise Fees	14,104	32,471	-	-
Enterprise Zone Fees	21,778	32,251	-	-
Notes Issued	900,000	-	518,400	-
Grants and Entitlements Not Restricted to Specific Programs	-	-	-	-
Sale of Capital Assets	-	6,363	-	-
Interest	28,523	130,957	200	1,348
Miscellaneous	76,440	19,861	-	819
Total General Receipts	3,040,126	2,316,755	518,600	2,167
Total Receipts	\$ 3,838,263	\$ 3,121,800	\$ 2,309,820	\$ 1,645,938
Disbursements:				
General Government	535,948	476,398	-	-
Security of Persons and Property:	733,464	708,882	-	-
Public Health Services	45,444	64,577	-	-
Leisure Time Activities	118,593	159,385	-	-
Community Environment	-	-	-	-
Basic Utilities	9,225	56,017	-	-
Transportation	220,675	310,630	-	-
Capital Outlay	825,308	3,117,887	-	-
Debt Service	1,609,840	61,335	-	-
Water	-	-	519,498	325,027
Sewer	-	-	491,694	755,403
Other Enterprise Funds	-	-	1,319,929	575,194
Total Disbursements	\$ 4,098,497	\$ 4,955,111	\$ 2,331,121	\$ 1,655,624
Excess (Deficiency) Before Transfers	(260,234)	(1,833,311)	(21,301)	(9,686)
Transfers	(45,000)	(194,884)	45,000	194,884
Advances	-	(2,250)	-	-
Increase (Decrease) in Net Assets	\$ (305,234)	\$ (2,030,445)	\$ 23,699	\$ 185,198

Governmental Activities program receipts represent only 20.79 percent of total governmental activities receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees and charges to Orange and Richland Townships for fire and emergency medical services provided.

Village of Bluffton
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and December 31, 2008
Unaudited

General receipts represent 79.20 percent of the Village's total receipts, and of this amount, 65.76 percent are local taxes. Notes issued make up the next significant portion of the Village's general receipts (29.60 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, and the clerk-treasurer, and income tax departments, as well as internal services such as payroll and purchasing.

Security of Persons and Property are the costs of police and fire protection; Public Health Services is the health department; Leisure Time Activities are the costs of maintaining the parks and swimming pool; the economic development department promotes the Village to industry and commerce as well as working with other governments in the area to attract new business; and Transportation is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities on pages 13 and 16, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for debt service, capital outlay and security of persons and property, which account for 39.27, 20.13 and 17.89 percent of all governmental disbursements, respectively. General government also represents a significant cost, at 13.07 percent. The next three columns of the statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the statement.

A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost	Net Cost	Total Cost	Net Cost
	Of Services	of Services	Of Services	of Services
	2009	2009	2008	2008
General Government	\$535,948	\$150,174	\$476,398	\$247,800
Security of Persons and Property	733,464	472,251	708,882	529,441
Public Health Services	45,444	27,611	64,577	28,373
Leisure Time Activities	118,593	41,990	159,385	71,663
Community Environment	-	-	-	-
Basic Utilities	9,225	(6,756)	56,017	21,145
Transportation	220,675	179,991	310,630	76,967
Capital Outlay	825,308	825,258	3,118,344	3,113,344
Debt Service	1,609,840	1,609,840	61,335	61,335
Total Expenses	\$4,098,497	\$3,300,359	\$4,955,568	\$4,150,068

Village of Bluffton
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and December 31, 2008
Unaudited

The dependence upon income tax receipts is apparent as over 77.57 and 83.75 percent of governmental activities are supported through these general receipts during 2009 and 2008, respectively.

Business-type Activities

The water operation of the Village routinely reports receipts and cash disbursements that are relatively equal. The water from the Village's wells is very high in total dissolved solids and the Village has entered into an agreement with the Village of Ottawa, Ohio to supply water to the Village.

The sewer operation of the Village did not have receipts above the cash disbursements for the year of 2009. The Village is under EPA mandate to separate all combined sewers within the system and the Village is in the process of determining the scope and cost of this project.

The Village's Funds

In 2009, total governmental funds had receipts of \$2,938,263 and disbursements of \$4,098,495. The greatest change within governmental funds occurred within the Street Fund due to the completion of Phase II of the downtown Streetscape project.

General Fund receipts were \$888,020 over disbursements indicating that the General Fund is not in a deficit spending situation.

In 2008, total governmental funds had receipts of \$3,120,008 and disbursements of \$4,955,568. The greatest change within governmental funds occurred within the Town Hall Improvement Fund due to the Town Hall renovation project being completed and paid for in 2008.

General Fund receipts were \$643,517 over disbursements indicating that the General Fund is not in a deficit spending situation.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2009, the Village amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts equaled original budgeted receipts.

Final disbursements for the General Fund were budgeted at \$1,691,797 while actual disbursements were \$1,474,331. The Village kept spending very close to budgeted amounts as demonstrated by the reported variances.

During 2008, the Village amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts due to decreased fines, licenses and permit receipts.

Final disbursements for the General Fund were budgeted at \$1,869,094 while actual disbursements were \$1,686,159. The Village kept spending very close to budgeted amounts as demonstrated by the reported variance.

Village of Bluffton
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and December 31, 2008
Unaudited

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2009, the Village's outstanding principal debt included \$1,490,580 for an OWDA Loan for the Water System, \$94,027 for an Issue II Loan, \$576,924 for an OWDA Loan for the Wastewater System, \$3,724,000 for a USDA Rural Development Loan, \$375,765 for an OPWC Loan for the Main Street Waterline, \$4,102,162 for an OWDA Loan for the Waterline from Ottawa, and \$838,278 for the Town hall renovation loan. For further information regarding the Village's debt, refer to Note 10 to the basic financial statements.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Nancy L. Kindle, Fiscal Officer, P.O. Box 63, Bluffton, Ohio 45817.

Village of Bluffton
Allen and Hancock County
Statement of Net Assets - Cash Basis
December 31, 2009

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,758,794	\$844,681	\$3,603,475
<i>Total Assets</i>	<u>\$2,758,794</u>	<u>\$844,681</u>	<u>\$3,603,475</u>
Net Assets			
Restricted for:			
Capital Projects	\$902,229	\$211,355	\$1,113,584
Debt Service	863	189,338	190,201
Permanent Fund Purpose			
Nonexpendable	1,851	0	1,851
Other Purposes	619,302	0	619,302
Unrestricted	<u>1,234,549</u>	<u>443,988</u>	<u>1,678,537</u>
<i>Total Net Assets</i>	<u>\$2,758,794</u>	<u>\$844,681</u>	<u>\$3,603,475</u>

See accompanying notes to the basic financial statements

Village of Bluffton
Allen and Hancock County
Statement of Net Assets - Cash Basis
December 31, 2008

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$3,064,026	\$820,982	\$3,885,008
<i>Total Assets</i>	<u>\$3,064,026</u>	<u>\$820,982</u>	<u>\$3,885,008</u>
Net Assets			
Restricted for:			
Capital Projects	\$902,229	\$75,701	\$977,930
Debt Service	863	187,948	188,811
Permanent Fund Purpose			
Nonexpendable	1,851	-	1,851
Other Purposes	619,302	-	619,302
Unrestricted	<u>1,539,781</u>	<u>557,333</u>	<u>2,097,114</u>
<i>Total Net Assets</i>	<u>\$3,064,026</u>	<u>\$820,982</u>	<u>\$3,885,008</u>

See accompanying notes to the basic financial statements

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Village of Bluffton
Allen and Hancock County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2009

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$535,948	-	\$385,774	-
Security of Persons and Property	733,464	255,683	-	5,530
Public Health Services	45,444	17,833	-	-
Leisure Time Activities	118,593	59,090	17,513	-
Basic Utility Services	9,225	15,981	-	-
Transportation	220,675	-	8,473	32,211
Capital Outlay	825,308	-	-	50
Debt Service:				
Principal Retirement	1,561,722	-	-	-
Interest and Fiscal Charges	48,118	-	-	-
<i>Total Governmental Activities</i>	<u>4,098,497</u>	<u>348,587</u>	<u>411,760</u>	<u>37,791</u>
Business Type Activity				
Water	519,498	896,290	-	-
Sewer	491,694	723,079	-	-
Water Construction	382,947	-	-	-
Other Enterprise Funds	936,982	171,851	-	-
<i>Total Business Type Activities</i>	<u>2,331,121</u>	<u>1,791,220</u>	<u>-</u>	<u>-</u>
Total	<u>\$6,429,618</u>	<u>\$2,139,807</u>	<u>\$411,760</u>	<u>\$37,791</u>

General Receipts
Property Taxes Levied for:
 General Purposes
Municipal Income Taxes
Other Taxes
Cable Franchise Fees
Enterprise Zone Fees
Notes Issued
Interest
Miscellaneous

Total General Receipts

Transfers

Total General Receipts and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$150,174)	-	(\$150,174)
(472,251)	-	(472,251)
(27,611)	-	(27,611)
(41,990)	-	(41,990)
6,756	-	6,756
(179,991)	-	(179,991)
(825,258)	-	(825,258)
<u>(1,561,722)</u>	-	<u>(1,561,722)</u>
<u>(48,118)</u>	-	<u>(48,118)</u>
<u>(3,300,359)</u>	-	<u>(3,300,359)</u>
-	376,792	376,792
-	231,385	231,385
-	(382,947)	(382,947)
-	<u>(765,131)</u>	<u>(765,131)</u>
-	<u>(539,901)</u>	<u>(539,901)</u>
<u>(3,300,359)</u>	<u>(539,901)</u>	<u>(3,840,260)</u>
206,895	-	206,895
1,641,474	-	1,641,474
150,912	-	150,912
14,104	-	14,104
21,778	-	21,778
900,000	518,400	1,418,400
28,523	200	28,723
<u>76,440</u>	-	<u>76,440</u>
<u>3,040,126</u>	<u>518,600</u>	<u>3,558,726</u>
<u>(45,000)</u>	<u>45,000</u>	-
<u>2,995,126</u>	<u>563,600</u>	<u>3,558,726</u>
(305,233)	23,699	(281,534)
<u>3,064,026</u>	<u>820,982</u>	<u>3,885,008</u>
<u>\$2,758,793</u>	<u>\$844,681</u>	<u>\$3,603,474</u>

Village of Bluffton
Allen and Hancock County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2008

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$476,398	\$681	\$227,918	-
Security of Persons and Property	708,882	139,502	1,760	38,180
Public Health Services	64,577	36,204	-	-
Leisure Time Activities	159,385	68,399	19,323	-
Basic Utility Services	56,017	32,697	2,175	-
Transportation	310,630	-	233,663	-
Capital Outlay	3,118,344	-	-	5,000
Debt Service:				
Interest and Fiscal Charges	61,335	-	-	-
<i>Total Governmental Activities</i>	<u>4,955,568</u>	<u>277,483</u>	<u>484,839</u>	<u>43,180</u>
Business Type Activity				
Water	325,027	671,015	-	-
Sewer	755,403	811,977	-	-
Other Enterprise Funds	575,194	160,779	-	-
<i>Total Business Type Activities</i>	<u>1,655,624</u>	<u>1,643,771</u>	<u>-</u>	<u>-</u>
Total	<u>\$6,611,192</u>	<u>\$1,921,254</u>	<u>\$484,839</u>	<u>\$43,180</u>

General Receipts

Property Taxes Levied for:
 General Purposes
 Municipal Income Taxes
 Other Taxes
 Cable Franchise Fees
 Enterprise Zone Fees
 Sale of Capital Assets
 Interest
 Miscellaneous

Total General Receipts

Transfers
Advances

Total General Receipts and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$247,799)	-	(\$247,799)
(529,440)	-	(529,440)
(28,373)	-	(28,373)
(71,663)	-	(71,663)
(21,145)	-	(21,145)
(76,967)	-	(76,967)
(3,113,344)	-	(3,113,344)
<u>(61,335)</u>	<u>-</u>	<u>(61,335)</u>
<u>(4,150,066)</u>	<u>-</u>	<u>(4,150,066)</u>
-	345,988	345,988
-	56,574	56,574
-	<u>(414,415)</u>	<u>(414,415)</u>
<u>-</u>	<u>(11,853)</u>	<u>(11,853)</u>
<u>(4,150,066)</u>	<u>(11,853)</u>	<u>(4,161,919)</u>
201,663	-	201,663
1,864,665	-	1,864,665
28,524	-	28,524
32,471	-	32,471
32,251	-	32,251
6,363	-	6,363
130,957	1,348	132,305
19,861	819	20,680
<u>2,316,755</u>	<u>2,167</u>	<u>2,318,922</u>
(194,884)	194,884	-
<u>(2,250)</u>	<u>-</u>	<u>(2,250)</u>
<u>2,119,621</u>	<u>197,051</u>	<u>2,316,672</u>
(2,030,445)	185,198	(1,845,247)
<u>5,094,471</u>	<u>635,784</u>	<u>5,730,255</u>
<u>\$3,064,026</u>	<u>\$820,982</u>	<u>\$3,885,008</u>

Village of Bluffton
Allen and Hancock County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009

	General	Town Hall Improvement	Street	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$1,873,783	\$93,320	\$304,723	\$486,967	\$2,758,793
<i>Total Assets</i>	<u>\$1,873,783</u>	<u>\$93,320</u>	<u>\$304,723</u>	<u>\$486,967</u>	<u>\$2,758,793</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$50,396	\$500	\$118,207	\$38,734	\$207,837
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	1,823,387	-	-	-	1,823,387
Special Revenue Funds	-	-	-	109,852	109,852
Debt Service Fund	-	-	-	2,729	2,729
Capital Projects Funds	-	92,820	186,516	333,801	613,137
Permanent Fund	-	-	-	1,851	1,851
<i>Total Fund Balances</i>	<u>\$1,873,783</u>	<u>\$93,320</u>	<u>\$304,723</u>	<u>\$486,967</u>	<u>\$2,758,793</u>

See accompanying notes to the basic financial statements

Village of Bluffton
Allen and Hancock County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008

	General	Town Hall Improvement	Street	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$1,449,463	\$516,921	\$530,580	\$567,062	\$3,064,026
<i>Total Assets</i>	<u>\$1,449,463</u>	<u>\$516,921</u>	<u>\$530,580</u>	<u>\$567,062</u>	<u>\$3,064,026</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$62,928	\$55,167	\$94,870	\$56,766	\$269,731
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	1,386,535				1,386,535
Special Revenue Funds	-	-	-	119,004	119,004
Debt Service Fund	-	-	-	2,729	2,729
Capital Projects Funds	-	461,754	435,710	386,712	1,284,176
Permanent Fund	-	-	-	1,851	1,851
<i>Total Fund Balances</i>	<u>\$1,449,463</u>	<u>\$516,921</u>	<u>\$530,580</u>	<u>\$567,062</u>	<u>\$3,064,026</u>

See accompanying notes to the basic financial statements

Village of Bluffton
Allen and Hancock County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General	Town Hall Improvement	Street	Other Governmental Funds	Total Governmental Funds
Receipts					
Municipal Income Taxes	\$1,313,234	\$328,240	\$-	\$-	\$1,641,474
Property and Other Local Taxes	241,776	-	120,375	9,760	371,911
Charges for Services	330,753	-	-	17,833	348,586
Fines, Licenses and Permits	25,177	-	22,192	2,993	50,362
Intergovernmental	385,774	-	8,473	44,986	439,233
Payments in Lieu of Taxes	21,778	-	-	-	21,778
Gifts and Contributions	4,850	50	5,223	195	10,318
Interest	13,718	1,886	8,805	4,114	28,523
Miscellaneous	25,289	-	777	12	26,078
<i>Total Receipts</i>	<u>2,362,349</u>	<u>330,176</u>	<u>165,845</u>	<u>79,893</u>	<u>2,938,263</u>
Disbursements					
Current:					
General Government	535,948	-	-	-	535,948
Security of Persons and Property	725,221	-	-	8,243	733,464
Public Health Services	20,684	-	-	24,760	45,444
Leisure Time Activities	92,589	-	-	26,004	118,593
Basic Utility Services	9,225	-	-	-	9,225
Transportation	50,895	-	145,988	23,791	220,674
Capital Outlay	39,769	43,937	495,715	245,887	825,308
Debt Service:					
Principal Retirement	-	1,561,722	-	-	1,561,722
Interest and Fiscal Charges	-	48,118	-	-	48,118
<i>Total Disbursements</i>	<u>1,474,331</u>	<u>1,653,777</u>	<u>641,703</u>	<u>328,685</u>	<u>4,098,496</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>888,018</u>	<u>(1,323,601)</u>	<u>(475,858)</u>	<u>(248,792)</u>	<u>(1,160,233)</u>
Other Financing Sources (Uses)					
Notes Issued	-	900,000	-	-	900,000
Transfers In	-	-	250,000	168,700	418,700
Transfers Out	(463,700)	-	-	-	(463,700)
<i>Total Other Financing Sources (Uses)</i>	<u>(463,700)</u>	<u>900,000</u>	<u>250,000</u>	<u>168,700</u>	<u>855,000</u>
<i>Net Change in Fund Balances</i>	424,318	(423,601)	(225,858)	(80,092)	(305,233)
<i>Fund Balances Beginning of Year</i>	<u>1,449,465</u>	<u>516,921</u>	<u>530,580</u>	<u>567,060</u>	<u>3,064,026</u>
<i>Fund Balances End of Year</i>	<u>\$1,873,783</u>	<u>\$93,320</u>	<u>\$304,722</u>	<u>\$486,968</u>	<u>\$2,758,793</u>

See accompanying notes to the basic financial statements

Village of Bluffton
Allen and Hancock County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General	Townhall Improvement	Street	Other Governmental Funds	Total Governmental Funds
Receipts					
Municipal Income Taxes	\$1,492,000	\$372,665	\$-	\$-	\$1,864,665
Property and Other Local Taxes	262,658	-	110,912	8,993	382,563
Charges for Services	209,675	-	-	47,414	257,089
Fines, Licenses and Permits	19,079	-	22,845	3,166	45,090
Intergovernmental	230,093	-	36,193	111,732	378,018
Payments in Lieu of Taxes	32,251	-	-	-	32,251
Gifts and Contributions	-	5,000	-	399	5,399
Interest	63,408	39,675	16,763	11,111	130,957
Miscellaneous	20,514	-	3,462	-	23,976
<i>Total Receipts</i>	<u>2,329,678</u>	<u>417,340</u>	<u>190,175</u>	<u>182,815</u>	<u>3,120,008</u>
Disbursements					
Current:					
General Government	476,398	-	-	-	476,398
Security of Persons and Property	705,063	-	-	3,819	708,882
Public Health Services	32,297	-	-	32,280	64,577
Leisure Time Activities	114,887	-	-	44,498	159,385
Basic Utility Services	56,017	-	-	-	56,017
Transportation	44,228	-	207,561	58,841	310,630
Capital Outlay	257,269	2,411,316	140,677	309,082	3,118,344
Debt Service:					
Interest and Fiscal Charges	-	61,335	-	-	61,335
<i>Total Disbursements</i>	<u>1,686,159</u>	<u>2,472,651</u>	<u>348,238</u>	<u>448,520</u>	<u>4,955,568</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>643,519</u>	<u>(2,055,311)</u>	<u>(158,063)</u>	<u>(265,705)</u>	<u>(1,835,560)</u>
Other Financing Sources (Uses)					
Transfers In	-	130,000	250,000	352,200	732,200
Transfers Out	(927,084)	-	-	-	(927,084)
Advances In	12,750	-	-	15,000	27,750
Advances Out	(15,000)	-	-	(12,750)	(27,750)
<i>Total Other Financing Sources (Uses)</i>	<u>(929,334)</u>	<u>130,000</u>	<u>250,000</u>	<u>354,450</u>	<u>(194,884)</u>
<i>Net Change in Fund Balances</i>	<u>(285,815)</u>	<u>(1,925,311)</u>	<u>91,937</u>	<u>88,745</u>	<u>(2,030,444)</u>
<i>Fund Balances Beginning of Year</i>	<u>1,735,280</u>	<u>2,442,232</u>	<u>438,643</u>	<u>478,315</u>	<u>5,094,470</u>
<i>Fund Balances End of Year</i>	<u>\$1,449,465</u>	<u>\$516,921</u>	<u>\$530,580</u>	<u>\$567,060</u>	<u>\$3,064,026</u>

See accompanying notes to the basic financial statements

Village of Bluffton
Allen and Hancock County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Municipal Income Taxes	\$1,618,299	\$1,618,299	\$1,313,234	(\$305,065)
Property and Other Local Taxes	190,317	190,317	241,776	51,459
Charges for Services	240,088	240,088	330,753	90,665
Fines, Licenses and Permits	17,525	17,525	25,177	7,652
Intergovernmental	221,900	221,900	385,774	163,874
Payments in Lieu of Taxes	3,500	3,500	21,778	18,278
Gifts and Contributions	100	100	4,850	4,750
Interest	55,000	55,000	13,718	(41,282)
Miscellaneous	16,200	16,200	25,289	9,089
<i>Total receipts</i>	<u>2,362,929</u>	<u>2,362,929</u>	<u>2,362,349</u>	<u>(580)</u>
Disbursements				
Current:				
General Government	474,336	567,655	554,268	13,387
Security of Persons and Property	766,985	778,744	750,011	28,733
Public Health Services	36,618	32,076	21,391	10,685
Leisure Time Activities	97,835	103,130	95,754	7,376
Community Environment	1,511	1,511	-	1,511
Basic Utility Services	9,700	9,700	9,540	160
Transportation	46,734	61,734	52,635	9,099
Capital Outlay	107,823	137,247	41,128	96,119
<i>Total Disbursements</i>	<u>1,541,542</u>	<u>1,691,797</u>	<u>1,524,727</u>	<u>167,070</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>821,387</u>	<u>671,132</u>	<u>837,622</u>	<u>166,490</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(789,700)</u>	<u>(774,700)</u>	<u>(463,700)</u>	<u>311,000</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(789,700)</u>	<u>(774,700)</u>	<u>(463,700)</u>	<u>311,000</u>
<i>Net Change in Fund Balance</i>	31,687	(103,568)	373,922	477,490
<i>Fund Balance Beginning of Year</i>	1,386,537	1,386,537	1,386,537	-
Prior Year Encumbrances Appropriated	<u>62,928</u>	<u>62,928</u>	<u>62,928</u>	-
<i>Fund Balance End of Year</i>	<u>\$1,481,152</u>	<u>\$1,345,897</u>	<u>\$1,823,387</u>	<u>\$477,490</u>

See accompanying notes to the basic financial statements

Village of Bluffton
Allen and Hancock County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2008

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Municipal Income Taxes	\$1,643,455	\$1,643,455	\$1,492,000	(\$151,455)
Property and Other Local Taxes	239,215	239,215	262,658	23,443
Charges for Services	204,500	204,500	209,675	5,175
Fines, Licenses and Permits	16,366	16,316	19,079	2,763
Intergovernmental	236,600	236,600	230,093	(6,507)
Payments in Lieu of Taxes	5,000	5,000	32,251	27,251
Interest	109,582	109,582	63,408	(46,174)
Miscellaneous	11,000	11,000	20,514	9,514
<i>Total receipts</i>	<u>2,465,718</u>	<u>2,465,668</u>	<u>2,329,678</u>	<u>(135,990)</u>
Disbursements				
Current:				
General Government	462,396	492,696	494,177	(1,481)
Security of Persons and Property	721,407	740,898	731,376	9,522
Public Health Services	38,503	32,794	33,502	(708)
Leisure Time Activities	104,112	121,551	119,175	2,376
Community Environment	1,558	1,558	-	1,558
Basic Utility Services	58,089	56,689	58,108	(1,419)
Transportation	51,250	51,750	45,879	5,871
Capital Outlay	255,774	371,158	266,870	104,288
<i>Total Disbursements</i>	<u>1,693,089</u>	<u>1,869,094</u>	<u>1,749,087</u>	<u>120,007</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>772,629</u>	<u>596,574</u>	<u>580,591</u>	<u>(15,983)</u>
Other Financing Sources (Uses)				
Transfers Out	(976,500)	(976,500)	(927,084)	49,416
Advances In	-	-	12,750	12,750
Advances Out	-	(15,000)	(15,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(976,500)</u>	<u>(991,500)</u>	<u>(929,334)</u>	<u>62,166</u>
<i>Net Change in Fund Balance</i>	(203,871)	(394,926)	(348,743)	46,183
<i>Fund Balance Beginning of Year</i>	1,634,796	1,634,796	1,634,796	-
Prior Year Encumbrances Appropriated	100,484	100,484	100,484	-
<i>Fund Balance End of Year</i>	<u>\$1,531,409</u>	<u>\$1,340,354</u>	<u>\$1,386,537</u>	<u>\$46,183</u>

See accompanying notes to the basic financial statements

Village of Bluffton
Allen and Hancock County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Fund
For the Year Ended December 31, 2009

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$112,500	\$112,500	\$120,375	\$7,875
Fines, Licenses and Permits	25,000	25,000	22,192	(2,808)
Intergovernmental	-	-	8,473	8,473
Gifts and Contributions	-	-	5,223	5,223
Interest	12,500	12,500	8,805	(3,695)
Miscellaneous	-	-	777	777
<i>Total receipts</i>	<u>150,000</u>	<u>150,000</u>	<u>165,845</u>	<u>15,845</u>
Disbursements				
Current:				
Transportation	203,470	210,062	172,880	37,182
Capital Outlay	500,000	614,949	587,030	27,919
<i>Total Disbursements</i>	<u>703,470</u>	<u>825,011</u>	<u>759,910</u>	<u>65,101</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(553,470)</u>	<u>(675,011)</u>	<u>(594,065)</u>	<u>80,946</u>
Other Financing Sources (Uses)				
Transfers In	250,000	250,000	250,000	-
<i>Total Other Financing Sources (Uses)</i>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(303,470)	(425,011)	(344,065)	80,946
<i>Fund Balance Beginning of Year</i>	435,710	435,710	435,710	-
Prior Year Encumbrances Appropriated	94,870	94,870	94,870	-
<i>Fund Balance End of Year</i>	<u>\$227,110</u>	<u>\$105,569</u>	<u>\$186,515</u>	<u>\$80,946</u>

See accompanying notes to the basic financial statements

Village of Bluffton
Allen and Hancock County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Fund
For the Year Ended December 31, 2008

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$112,878	\$112,878	\$110,912	(\$1,966)
Fines, Licenses and Permits	16,366	25,288	22,845	(2,443)
Intergovernmental	-	-	36,193	36,193
Interest	109,582	24,500	16,763	(7,737)
Miscellaneous	-	-	3,462	3,462
<i>Total receipts</i>	<u>238,826</u>	<u>162,666</u>	<u>190,175</u>	<u>27,509</u>
Disbursements				
Current:				
Transportation	191,549	223,349	264,107	(40,758)
Capital Outlay	251,000	261,346	179,001	82,345
<i>Total Disbursements</i>	<u>442,549</u>	<u>484,695</u>	<u>443,108</u>	<u>41,587</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(203,723)</u>	<u>(322,029)</u>	<u>(252,933)</u>	<u>69,096</u>
Other Financing Sources (Uses)				
Transfers In	250,000	250,000	250,000	-
<i>Total Other Financing Sources (Uses)</i>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	46,277	(72,029)	(2,933)	69,096
<i>Fund Balance Beginning of Year</i>	423,280	423,280	423,280	-
Prior Year Encumbrances Appropriated	15,363	15,363	15,363	-
<i>Fund Balance End of Year</i>	<u>\$484,920</u>	<u>\$366,614</u>	<u>\$435,710</u>	<u>\$69,096</u>

See accompanying notes to the basic financial statements

Village of Bluffton
Allen and Hancock County
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2009

	Business-Type Activities				Total Enterprise Funds
	Water Fund	Sewer Fund	Water Construction Fund	Other Enterprise Funds	
Assets					
Equity in Pooled Cash and Cash Equivalents	\$281,277	\$193,917	\$135,453	\$234,034	\$844,681
<i>Total Assets</i>	<u>\$281,277</u>	<u>\$193,917</u>	<u>\$135,453</u>	<u>\$234,034</u>	<u>\$844,681</u>
Net Assets					
Restricted for:					
Capital Projects	-	-	-	44,696	44,696
Debt Service	-	-	135,453	189,338	324,791
Unrestricted	281,277	193,917	-	-	475,194
Total Net Assets	<u>\$281,277</u>	<u>\$193,917</u>	<u>\$135,453</u>	<u>\$234,034</u>	<u>\$844,681</u>

See accompanying notes to the basic financial statements

Village of Bluffton
Allen and Hancock County
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2008

	Business-Type Activities				Total Enterprise Funds
	Water Fund	Sewer Fund	Water Construction Fund	Other Enterprise Funds	
Assets					
Equity in Pooled Cash and Cash Equivalents	\$414,485	\$203,135	\$-	\$203,362	\$820,982
<i>Total Assets</i>	<u>\$414,485</u>	<u>\$203,135</u>	<u>\$-</u>	<u>\$203,362</u>	<u>\$820,982</u>
Net Assets					
Unrestricted	\$414,485	\$203,135	\$-	\$203,362	\$820,982
Total Net Assets	<u>\$414,485</u>	<u>\$203,135</u>	<u>\$-</u>	<u>\$203,362</u>	<u>\$820,982</u>

See accompanying notes to the basic financial statements

Village of Bluffton
Allen and Hancock County
Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2009

	Business-Type Activities				Total Enterprise Funds
	Water Fund	Sewer Fund	Water Construction Fund	Other Enterprise Funds	
Operating Receipts					
Charges for Services	\$889,660	\$720,743	\$-	\$171,851	\$1,782,254
Other Operating Receipts	6,630	2,335	-	-	8,965
<i>Total Operating Receipts</i>	<u>896,290</u>	<u>723,078</u>	<u>-</u>	<u>171,851</u>	<u>1,791,219</u>
Operating Disbursements					
Personal Services	111,814	129,920	-	3,805	245,539
Fringe Benefits	32,785	43,110	-	2,403	78,298
Contractual Services	349,170	176,138	-	151,059	676,367
Materials and Supplies	25,245	50,621	-	500	76,366
<i>Total Operating Disbursements</i>	<u>519,014</u>	<u>399,789</u>	<u>-</u>	<u>157,767</u>	<u>1,076,570</u>
<i>Operating Income (Loss)</i>	<u>377,276</u>	<u>323,289</u>	<u>-</u>	<u>14,084</u>	<u>714,649</u>
Non-Operating Receipts (Disbursements)					
Proceeds from OWDA Loan	-	-	118,400	-	118,400
Proceeds from Bank Loan	-	-	400,000	-	400,000
Interest	-	-	-	200	200
Capital Outlay	(484)	(91,906)	(382,947)	-	(475,337)
Principal Payments	-	-	-	(354,405)	(354,405)
Interest and Fiscal Charges	-	-	-	(424,808)	(424,808)
<i>Income (Loss) before Transfers</i>	<u>376,792</u>	<u>231,383</u>	<u>135,453</u>	<u>(764,929)</u>	<u>(21,301)</u>
Transfers In	-	30,000	-	795,603	825,603
Transfers Out	(510,000)	(270,603)	-	-	(780,603)
<i>Change in Net Assets</i>	<u>(133,208)</u>	<u>(9,220)</u>	<u>135,453</u>	<u>30,674</u>	<u>23,699</u>
<i>Net Assets Beginning of Year</i>	<u>414,485</u>	<u>203,136</u>	<u>-</u>	<u>203,361</u>	<u>820,982</u>
<i>Net Assets End of Year</i>	<u>\$281,277</u>	<u>\$193,916</u>	<u>\$135,453</u>	<u>\$234,035</u>	<u>\$844,681</u>

See accompanying notes to the basic financial statements

Village of Bluffton
Allen and Hancock County
*Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Cash Basis*
Proprietary Funds
For the Year Ended December 31, 2008

	Business-Type Activities				Total Enterprise Funds
	Water Fund	Sewer Fund	Water Construction Fund	Other Enterprise Funds	
Operating Receipts					
Charges for Services	\$656,189	\$808,296	\$-	\$160,777	\$1,625,262
Other Operating Receipts	15,649	3,680	-	-	19,329
<i>Total Operating Receipts</i>	<u>671,838</u>	<u>811,976</u>	<u>-</u>	<u>160,777</u>	<u>1,644,591</u>
Operating Disbursements					
Personal Services	114,358	140,823	-	7,204	262,385
Fringe Benefits	55,437	48,910	-	3,487	107,834
Contractual Services	101,153	185,759	-	151,062	437,974
Materials and Supplies	44,187	99,509	-	500	144,196
<i>Total Operating Disbursements</i>	<u>315,135</u>	<u>475,001</u>	<u>-</u>	<u>162,253</u>	<u>952,389</u>
<i>Operating Income (Loss)</i>	<u>356,703</u>	<u>336,975</u>	<u>-</u>	<u>(1,476)</u>	<u>692,202</u>
Non-Operating Receipts (Disbursements)					
Proceeds from OWDA Loan	-	-	4,204,967	-	4,204,967
Interest	-	-	-	1,348	1,348
Capital Outlay	(9,893)	(240,293)	(4,204,967)	-	(4,455,153)
Principal Payments	-	(12,311)	-	(151,255)	(163,566)
Interest and Fiscal Charges	-	(27,797)	-	(261,686)	(289,483)
<i>Income (Loss) before Transfers</i>	<u>346,810</u>	<u>56,574</u>	<u>-</u>	<u>(413,069)</u>	<u>(9,685)</u>
Transfers In	30,000	-	-	435,487	465,487
Transfers Out	-	(270,603)	-	-	(270,603)
<i>Change in Net Assets</i>	<u>376,810</u>	<u>(214,029)</u>	<u>-</u>	<u>22,418</u>	<u>185,199</u>
<i>Net Assets Beginning of Year</i>	<u>37,675</u>	<u>417,165</u>	<u>-</u>	<u>180,943</u>	<u>635,783</u>
<i>Net Assets End of Year</i>	<u>\$414,485</u>	<u>\$203,136</u>	<u>\$-</u>	<u>\$203,361</u>	<u>\$820,982</u>

See accompanying notes to the basic financial statements

Village of Bluffton
Allen and Hancock County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 1 – Reporting Entity

The Village of Bluffton, Allen and Hancock Counties, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department and emergency medical squad.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Village of Bluffton
Allen and Hancock County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 2 – Summary of Significant Accounting Policies (continued)

The statement of net assets presents the cash and investment balances of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and proprietary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's only major governmental funds are the General Fund, Capital Improvement Fund, and the Town Hall Improvement Fund.

General Fund - is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Street Fund – receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing the Village streets.

Town Hall Improvement Fund - is used to account for grants and collects interest to pay for improvements to the Town Hall.

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Village of Bluffton
Allen and Hancock County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 2 – Summary of Significant Accounting Policies (continued)

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the water and sewer funds.

Water Fund - The water fund accounts for the provision of water to the residents and commercial users located within the Village.

Sewer Fund - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Water Construction Fund - The water construction fund accounts for the provision of water to the residents and commercial users within the Village to upgrade water services.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

Village of Bluffton
Allen and Hancock County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 2 – Summary of Significant Accounting Policies (continued)

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. 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 negative receipts, respectively.

During 2009, the Village invested in nonnegotiable certificates of deposit, a money market fund, and STAR Ohio. The nonnegotiable certificates of deposit are reported at cost. The Village’s money market fund investment is recorded at the amount reported by The Citizens National Bank and The First National Bank at December 31, 2009.

STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2009.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2009 and 2008 was \$13,718 and \$63,408, respectively.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

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

Note 2 – Summary of Significant Accounting Policies (continued)

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

L. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for the renovation of Town Hall and the installation of the Main Street waterline.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances and advances.

O. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements. In the government-wide financial statements transfers within governmental activities or within business-type activities are eliminated.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and street fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is (are) outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis)). The 2009 encumbrances outstanding at year end (budgetary basis) amounted to \$50,396 for the general fund \$118,207 for the street fund. The 2008 encumbrances outstanding at year end (budgetary basis) amounted to \$62,928 for the general fund \$94,870 for the street fund.

Note 4 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Village of Bluffton
Allen and Hancock County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 4 – Deposits and Investments (continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the Village had \$3,450 in undeposited cash on hand which is included as part of “Cash” or “Equity in Pooled Cash and Cash Equivalents” on the financial statements.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2009 and 2008, \$2,906,624 and \$ 3,146,336 of the Village’s bank balance of \$3,656,624 and \$3,896,336 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the Village’s name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2009 and 2008, the Village had the following investment:

	<u>Carrying Value</u>
STAR Ohio	
2009	\$14,735
2008	\$14,677

STAR Ohio is an investment pool managed by the Treasurer of State of Ohio. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Act of 1940. STAR Ohio has obtained an AAA money market rating by Standards and Poor’s. Interest rate risk arises because potential purchases of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village’s investment policy addresses interest rate risk by requiring that the Village’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

STAR Ohio carries a rating of AAAM by Standards and Poor’s. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Village of Bluffton
Allen and Hancock County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 5 – Income Taxes

The Village levies a 1.25 percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another city or 100 percent of the 1.25 percent tax rate on taxable income. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2009 represent the collection of 2008 taxes. Real property taxes received in 2009 were levied after October 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2009 represent the collection of 2008 taxes. Public utility real and tangible personal property taxes received in 2009 became a lien on December 31, 2008, were levied after October 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2009 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2009 were levied after October 1, 2008, on the true value as of December 31, 2008. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2006, was \$2.50 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2009 property tax receipts were based was \$73,740,590.

Note 7 – Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

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

Village of Bluffton
Allen and Hancock County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 8 – Defined Benefit Pension Plans

A. Ohio Public Employee Retirement System

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

1. The Traditional Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.
2. The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon.
3. The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 22-5601 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2009, member and employer contribution rates were consistent across all three plans (TP, MD and CO).

Separate divisions for law enforcement and public safety exist only within the Traditional Plan. The 2009 member contribution rate for Village employees was 10.00% of covered payroll. The 2009 employer contribution rate for the Village was 14.00% of covered payroll. The Village's required contributions to OPERS for the years ended December 31, 2009, 2008 and 2007 were \$98,114, \$102,798 and \$99,51, respectively. The full amount has been contributed for 2009, 2008 and 2007.

B. Ohio Police and Fire Pension Fund

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issue a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.00 percent of their annual covered salary, while employers are required to contribute 19.50 percent and 24.00 percent respectively for police officers and firefighters. The Village's required contributions to OP&F for the years ended December 31, 2009, 2008 and 2007 were \$51,120, \$48,282 and \$45,769, respectively. The full amount has been contributed for 2009, 2008 and 2007.

Note 9 – Post Employment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2009 local government employer contribution rate was 14.00 percent of covered payroll. The portion of employer contributions allocated to health care was 7.00 percent from January 1 through March 31, 2009 and 5.50 percent from April 1 through December 31, 2009.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2008, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25.00 percent of unrealized market appreciation or depreciation on investment assets annually.

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Plan (TP) – a cost-sharing multiple-employer defined benefit plan; the Member-Directed Plan (MD) – a defined contribution plan; and the Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age and service retirees must have ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the Retirement System is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

The Ohio Revised Code provides statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Village of Bluffton
Allen and Hancock County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 9 – Post Employment Benefits (continued)

A. Ohio Public Employees Retirement System (continued)

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care was 7.00 percent from January 1 through March 31, 2009 and 5.50 percent from April 1 through December 31, 2009. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The Village's contributions to OPERS for post-employment benefits for the years ending December 31, 2009, 2008 and 2007 were \$98,114, \$102,798 and \$99,531, respectively. The full amount has been contributed for 2009, 2008 and 2007.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for employers increased on January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multi-employer defined postemployment health care plan administered by OP&F. OP&F provide healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 45

The Ohio Revised Code allows, but does not mandate, OP&F to provide benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code.

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50 percent and 24.00 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50 percent of covered payroll for police employer units and 24.00 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401 (h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401 (h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2009, the employer contributions allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401 (h).

Village of Bluffton
 Allen and Hancock County
 Notes to the Financial Statements
 For the Years Ended December 31, 2009 and 2008

Note 9 - Postemployment Benefits (continued)

B. Ohio Police and Fire Pension Fund (continued)

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions to OP&F for the years ending December 31, 2009, 2008 and 2007 were \$51,120, \$48,282 and \$45,769, respectively. The full amount has been contributed for 2009, 2008 and 2007.

Note 10 – Debt

The Village's long-term debt activity for the year ended December 31, 2009, was as follows:

	Interest Rate	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009	Due Within One Year
<u>Governmental Activities</u>						
Bond Anticipation Note - Town Hall Improvement	4.09%	\$1,500,000	-	\$(1,500,000)	-	-
First National Loan - Town Hall Improvement	3.50%	-	900,000	(61,722)	838,278	127,731
Total Governmental-Type Activities		<u>\$1,500,000</u>	<u>\$900,000</u>	<u>\$(1,561,722)</u>	<u>\$838,278</u>	<u>\$127,731</u>
<u>Business-Type Activities</u>						
OWDA Loan - Water System Improvements	5.77%	1,588,910	-	(98,330)	1,490,580	53,522
Issue II Loan	0.00%	110,379	-	(12,264)	98,115	8,176
OWDA Loan – Wastewater Treatment	4.64%	602,124	-	(25,200)	576,924	13,494
OWDA Loan – Waterline from Ottawa	2.75%	70,661	4,323,367	(198,709)	4,195,319	198,709
OPWC Loan – Main Street Waterline Replacement	0.00%	396,077	-	(30,468)	365,609	20,312
First National Loan – Jackson, Elm Waterline Replacement	3.50%	-	400,000	-	400,000	28,107
USDA Rural Development Mortgage Revenue Bonds	4.50%	3,793,000	-	(153,000)	3,640,000	72,000
Total Business-type Activities		<u>\$6,561,151</u>	<u>\$4,723,367</u>	<u>\$(517,971)</u>	<u>\$10,766,547</u>	<u>\$394,320</u>

The loan, issued through First National Bank, is for the reconstruction and improvements to the Bluffton Village Town Hall. Repayment of the debt is provided by an additional .25% Village income tax approved by the voters. The interest rate on this loan will adjust in December of 2012.

Village of Bluffton
 Allen and Hancock County
 Notes to the Financial Statements
 For the Years Ended December 31, 2009 and 2008

Note 10 – Debt (continued)

The Ohio Water Development Authority (OWDA) Water System Improvements loan relates to the construction of two water towers. The loan will be repaid in semiannual installments of \$69,383, including interest, over 25 years. The loan is secured by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

The Ohio Water Development Authority (OWDA) WWTP loan relates to the construction of a new wastewater treatment plant that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments of \$20,054, including interest, over 30 years. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The USDA Rural Development Permanent Mortgage Revenue Bonds were obtained for the purpose of paying for the costs of constructing a new wastewater treatment plant. The loan will be repaid over 30 years. Annual payments are due October 1 of each year.

The Townhall Improvement loan issued through First National Bank is for the reconstruction and improvements to the Bluffton Village Townhall. The loan will be repaid over 6 years. Semiannual payments are due June 30 and December 31 of each year.

The Jackson-Elm Waterline Replacement loan issued through First National Bank relates to a waterline replacement project. The loan will be repaid over 20 years. Semiannual payments are due February 24 and August 24 of each year.

The following is a summary of the Village’s future annual debt service requirements:

Year Ending December 31,	OPWC Main Street Waterline Replacement			OWDA Loan Water System			Issue II Loan		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2010	20,312	-	20,312	\$53,522	\$85,245	\$138,767	\$8,176	-	\$8,176
2011	20,312	-	20,312	56,655	82,112	138,767	8,176	-	8,176
2012	20,312	-	20,312	59,971	78,796	138,767	8,176	-	8,176
2013	20,312	-	20,312	63,481	75,286	138,767	8,176	-	8,176
2014	20,312	-	20,312	67,197	71,570	138,767	8,176	-	8,176
2015-2019	101,560	-	101,560	399,795	294,043	693,838	40,880	-	40,880
2020-2024	101,560	-	101,560	531,322	162,516	693,838	16,355	-	16,355
2025-2029	60,929	-	60,929	258,637	18,909	277,544	-	-	-
2030-2034	-	-	-	-	-	-	-	-	-
Total	\$365,609	-	\$365,609	\$1,490,580	\$868,478	\$2,359,058	\$98,115	-	\$98,115

Village of Bluffton
Allen and Hancock County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 10 – Debt (continued)

	OWDA Loan Wastewater System			First National Loan Jackson Waterline			USDA Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2010	\$13,494	\$26,614	\$40,108	\$14,034	\$14,073	\$28,107	\$82,000	\$163,800	245,800
2011	14,127	25,981	40,108	14,536	13,571	28,107	85,000	160,110	245,110
2012	14,790	25,318	40,108	15,021	13,086	28,107	89,000	156,285	245,285
2013	15,484	24,624	40,108	13,031	19,699	32,730	93,000	152,280	245,280
2014	16,211	23,897	40,108	13,768	18,962	32,730	97,000	148,095	245,095
2015- 2019	93,209	107,331	200,540	81,381	82,272	163,653	556,000	670,770	1,226,770
2020- 2024	117,237	83,303	200,540	107,128	56,525	163,653	695,000	533,700	1,228,700
2025- 2029	147,460	53,080	200,540	141,101	22,554	163,655	865,000	362,790	1,227,790
2030- 2034	144,912	15,533	160,445	-	-	-	1,078,000	149,805	1,227,805
Totals	\$576,924	\$385,681	\$962,592	\$400,000	\$240,742	\$640,742	\$3,640,000	\$2,497,635	\$6,137,635

The OWDA loan for the Ottawa Waterline has not been finalized as of December 31, 2009; therefore, an amortization schedule is not available.

Note 11 – Interfund Transfers

During 2009 the following transfers were made:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$0	\$(463,700)
Street	250,000	0
Other Governmental	168,700	0
Water	0	(510,000)
Sewer	30,000	(270,603)
Other Enterprise	<u>795,603</u>	<u>0</u>
Total	<u>\$1,244,303</u>	<u>\$(1,244,303)</u>

During 2008 the following transfers were made:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$0	\$(927,084)
Townhall Improvement	130,000	0
Street	250,000	0
Other Governmental	352,200	0
Water	30,000	0
Sewer	0	(270,603)
Other Enterprise	<u>435,487</u>	<u>0</u>
Total	<u>\$1,197,687</u>	<u>\$(1,197,687)</u>

Village of Bluffton
Allen and Hancock County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 11 – Interfund Transfers (continued)

Transfers are used to move revenues from funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; to return money to the fund from which it was originally provided once a project is completed; and to transfer capital assets. Money transferred out was money from the General Fund, Water Fund and Sewer Fund. These funds transferred monies for the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and for the payment of debt obligations.

Note 12 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



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Kentucky Society of Certified Public Accountants

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Village of Bluffton
Allen & Hancock County
P.O. Box 63
Bluffton, Ohio 45817

To the Village Council:

We have audited the financial statements of the government activities, the business type activities, each major fund, and the aggregate remaining fund information of the Village of Bluffton, Allen & Hancock County, Ohio (the Village) as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 9, 2010, wherein we noted the Village prepared its financial statements on the cash basis, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters that we reported to the Village's management in a separate letter dated June 9, 2010.

We intend this report solely for the information and use of management, Village Council and others within the Village. We intend it for no one other than these specified parties.

Caudill & Associates, CPA's

Caudill & Associates, CPA's
June 9, 2010

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2009 and 2008**

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

No audit findings noted.

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 and 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007-001	Ohio Revised Code 5705.36, Failure to secure an amended estimated resource when estimated receipts were less than actual receipts.	Yes	N/A
2007-002	Ohio Revised Code 5705.39, Total appropriations exceeded estimated resources.	Yes	N/A
2007-003	Significant Deficiency – Audit adjustments.	Yes	N/A
2007-004	Significant Deficiency – Swimming pool receipts.	Yes	N/A



Mary Taylor, CPA
Auditor of State

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
NOVEMBER 16, 2010**