

VILLAGE OF BLUFFTON

ALLEN & HANCOCK COUNTY

REGULAR AUDIT

JANUARY 1, 2010 THROUGH DECEMBER 31, 2011

FISCAL YEARS AUDITED UNDER GAGAS: 2011 & 2010



**Caudill & Associates, CPA**

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# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of Bluffton, Allen County, prepared by Caudill & Associates, CPAs, for the audit period January 1, 2010 through December 31, 2011. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

December 10, 2012

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 Allen & Hancock County  
 For the Years Ended December 31, 2011 and 2010  
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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, 2011 and 2010 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 the Comptroller General of the United States' *Government Auditing Standards*. 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 opinions.

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, 2011 and 2010, and the respective changes in cash basis financial position and the respective budgetary comparisons for the General Fund and Street Fund, thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

Village of Bluffton  
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Independent Auditors' Report

As described in note 3, during 2011 the Village of Bluffton adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2012, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing.

We conducted our audit to opine on the Village's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, analysis of program expenditures of governmental activities and long-term debt. These tables provide additional information, but are not part of the basic financial statements. However, these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in the Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

*Caudill & Associates, CPA*

Caudill & Associates, CPA  
July 31, 2012



Village of Bluffton, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2011 and 2010  
Unaudited

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This discussion and analysis of the Village of Bluffton's financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2011 and December 31, 2010, 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 2011 and 2010 are as follows:

Net assets of governmental activities in 2010 increased \$104,266 or 3.77 percent, a moderate change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund.

Net assets of governmental activities in 2011 decreased \$536,065 or 18.72 percent, a moderate change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund.

The Village's general receipts are primarily income taxes, property and other local taxes, and intergovernmental. In 2011, these receipts represent respectively 70.89 and 11.10 percent of the total cash received for governmental activities during the year. Income tax receipts for 2011 were down by .88 percent compared to 2010. In 2010, these receipts represent respectively 70.81 and 14.05 percent of the total cash received for governmental activities during the year. Income tax receipts for 2010 were up by 5.10 percent compared to 2009.

In 2011, the water operations had an increase in net assets of \$163,420 and sewer operations had a decrease in net assets of \$61,341.

In 2010, the water operations had a decrease in net assets of \$111,389 and sewer operations had an increase in net assets of \$94,307.

The Village annexed in 37 parcels in 2011.

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.

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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 Village as a Whole**

The statement of net assets and the statement of activities reflect how the Village did financially during 2011 and 2010, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments 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 nonfinancial 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.

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Management's Discussion and Analysis  
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**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 three categories: governmental, proprietary and fiduciary.

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, Street, and Town Hall Improvement, and Fire and Rescue Improvement (2011 only) Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial 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 had six major enterprise funds, Water Fund, Sewer Fund, Sewer Debt Service Reserve Fund (2011 only), Water Debt Service Fund, Sewer Debt Service Fund (2010 only) and Sewer Improvement Fund (2011 only). 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.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs.

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**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2011 compared to 2010 on a cash basis:

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Assets</b>						
Cash and Cash Equivalents	\$ 2,326,994	\$ 2,863,059	\$ 800,667	\$ 703,809	\$ 3,127,661	\$ 3,566,868
Investments						
Total Assets	\$ 2,326,994	\$ 2,863,059	\$ 800,667	\$ 703,809	\$ 3,127,661	\$ 3,566,868
<b>Net Assets</b>						
Restricted for:						
Debt Service	\$ 863	\$ 863	\$ 216,008	\$ 190,996	\$ 216,871	\$ 191,859
Capital Projects	394,552	560,623	39,649	54,702	434,201	615,325
Other Purposes	195,602	214,702	-	-	195,602	214,702
Cemetery Endowment						
Nonexpendable	1,851	1,851	-	-	1,851	1,851
Unrestricted	1,734,126	2,085,020	545,010	458,111	2,279,136	2,543,131
Total Net Assets	\$2,326,994	\$2,863,059	\$800,667	\$703,809	\$3,127,661	\$3,566,868

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Table 2 reflects the changes in net assets in 2011, 2010 compared to 2009.

	2011	2010	2009	2011	2010	2009
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$ 331,675	\$ 351,960	\$348,586	\$1,823,140	\$1,801,881	\$1,791,220
Operating Grants and Contributions	284,670	413,064	411,760	-	-	-
Capital Grants and Contributions	29,629	-	37,791	-	-	-
Total Program Receipts	\$ 645,974	\$ 765,024	\$ 798,137	\$ 1,823,140	\$ 1,801,881	\$ 1,791,220
General Receipts:						
Property and Other Local Taxes	\$ 299,649	\$ 355,433	\$ 357,807	\$ -	\$ -	\$ -
Income Taxes	1,710,016	1,725,326	1,641,474	-	-	-
Cable Franchise Fees	-	-	14,104	-	-	-
Enterprise Zone Fees	6,548	7,870	21,778	-	-	-
Notes Issued	-	-	900,000	37,501	-	518,400
Interest	6,585	11,788	28,523	16	36	200
Miscellaneous	162,353	72,718	76,440	-	-	-
Total General Receipts	2,185,151	2,173,135	3,040,126	37,517	36	518,600
Total Receipts	\$ 2,831,125	\$ 2,938,159	\$ 3,838,263	\$ 1,860,657	\$ 1,801,917	\$ 2,309,820
Disbursements:						
General Government	\$ 509,143	\$ 491,287	\$ 535,948	\$ -	\$ -	\$ -
Security of Persons and Property:	765,377	718,841	733,464	-	-	-
Public Health Services	42,861	53,710	45,444	-	-	-
Leisure Time Activities	104,184	117,610	118,593	-	-	-
Community Environment	-	1,000	-	-	-	-
Basic Utilities	10,750	9,125	9,225	-	-	-
Transportation	320,427	290,556	220,675	-	-	-
Capital Outlay	424,298	479,751	825,308	-	-	-
Debt Service	334,510	382,012	1,609,840	-	-	-
Water	-	-	-	975,131	686,085	519,498
Sewer	-	-	-	516,216	450,097	491,694
Water Debt Service	-	-	-	536,145	536,145	-
Sewer Improvement	-	-	-	410,607	-	-
Sanitation	-	-	-	181,337	560,462	1,319,929
Total Disbursements	\$ 2,511,550	\$ 2,543,892	\$ 4,098,497	\$ 2,619,436	\$ 2,232,789	\$ 2,331,121
Excess (Deficiency) Before Transfers	319,575	394,267	(260,234)	(758,779)	(430,872)	(21,301)
Advances	(82,890)	-	-	82,890	-	-
Transfers	(772,750)	(290,000)	(45,000)	772,750	290,000	45,000
Increase (Decrease) in Net Assets	\$ (536,065)	\$ 104,267	\$ (305,234)	\$ 96,861	\$ (140,872)	\$ 23,699

Governmental Activities program receipts represent only 22.81 percent of total governmental activities receipts for 2011 and 26.03 percent for 2010 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.

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Village of Bluffton, Ohio  
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General receipts represent 77.19 percent of the Village's total receipts for 2011 and 73.97 percent for 2010, and of this amount, 91.96 percent and 95.74 percent are local taxes, respectively. 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 fiscal officer, 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 15, 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 in 2011 are for security of persons and property, general government, and capital outlay which account for 30.47, 20.27, and 16.89 percent of all governmental disbursements, respectively. The major program disbursements for governmental activities in 2010 are for security of persons and property, general government, and capital outlay which account for 28.26, 19.31, and 18.86 percent of all governmental disbursements, respectively. 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.

	Total Cost Of Services 2011	Net Cost of Services 2011	Total Cost Of Services 2010	Net Cost of Services 2010
General Government	\$ 509,143	\$ 232,187	\$ 491,287	\$ 79,331
Security of Persons and Property	765,377	499,223	718,841	463,748
Public Health Services	42,861	42,861	53,710	35,533
Leisure Time Activities	104,184	45,092	117,610	54,362
Community Environment	-	-	1,000	1,000
Basic Utilities	10,750	(6,454)	9,125	(7,425)
Transportation	320,427	293,860	290,556	290,556
Capital Outlay	424,298	424,298	479,751	479,751
Debt Service	334,510	334,510	382,012	382,012
<b>Total Expenses</b>	<b><u>\$2,511,550</u></b>	<b><u>\$ 1,865,577</u></b>	<b><u>\$2,543,892</u></b>	<b><u>\$1,778,868</u></b>

The dependence upon income tax receipts is apparent as 68.08 and 68.16 percent of governmental activities are supported through these general receipts during 2011 and 2010 respectively.

Village of Bluffton, Ohio  
Management's Discussion and Analysis  
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**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 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 2011, total governmental funds had receipts of \$2,831,124 and disbursements of \$2,511,550.

General Fund receipts were \$637,209 over receipts.

In 2010, total governmental funds had receipts of \$2,938,158 and disbursements of \$2,543,893.

General Fund receipts were \$877,475 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 2011 and 2010, the Village amended its General Fund budget several times to reflect changing circumstances. In 2011 and 2010, final budgeted receipts were above original budgeted receipts due to increased municipal income taxes and intergovernmental revenue.

In 2011, final disbursements for the General Fund were budgeted at \$1,812,862 while actual disbursements were \$1,564,930. In 2010, final disbursements for the General Fund were budgeted at \$1,588,656 while actual disbursements were \$1,465,240. The Village kept spending very close to budgeted amounts as demonstrated by the reported variances.

**Capital Assets and Debt Administration**

**Capital Assets**

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



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Management's Discussion and Analysis  
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Unaudited

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Debt

At December 31, 2011, the Village's outstanding principal debt included \$1,380,403 for an OWDA Loan for the Water System, \$81,763 for an Issue II Loan, \$549,303 for an OWDA Loan for the Wastewater System, \$3,473,000 for a USDA Rural Development Loan, \$324,985 for an OPWC Loan for the Main Street Waterline, \$3,818,742 for an OWDA Loan for the Waterline from Ottawa, \$343,754 for an additional waterline replacement and \$163,100 for the Town hall renovation loan. For further information regarding the Village's debt, refer to Note 11 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 Counties**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2011*

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 2,326,994	\$ 800,667	\$ 3,127,660
<i>Total Assets</i>	<u>\$ 2,326,994</u>	<u>\$ 800,667</u>	<u>\$ 3,127,660</u>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	\$ 394,552	\$ 39,649	\$ 434,201
Debt Service	863	216,008	216,870
Other Purposes	195,602	-	195,602
Permanent Fund Purpose			
Nonexpendable	1,851	-	1,851
Unrestricted	<u>1,734,125</u>	<u>545,009</u>	<u>2,279,136</u>
<i>Total Net Assets</i>	<u>\$ 2,326,994</u>	<u>\$ 800,667</u>	<u>\$ 3,127,660</u>

See accompanying notes to the basic financial statements

**Village of Bluffton**  
**Allen and Hancock Counties**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2010*

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 2,863,059	\$ 703,809	\$ 3,566,868
<i>Total Assets</i>	<u>\$ 2,863,059</u>	<u>\$ 703,809</u>	<u>\$ 3,566,868</u>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	\$ 560,623	\$ 54,702	\$ 615,325
Debt Service	863	190,996	191,858
Other Purposes	214,702	-	214,702
Permanent Fund Purpose			
Nonexpendable	1,851	-	1,851
Unrestricted	<u>2,085,020</u>	<u>458,111</u>	<u>2,543,132</u>
<i>Total Net Assets</i>	<u>\$ 2,863,059</u>	<u>\$ 703,809</u>	<u>\$ 3,566,868</u>

See accompanying notes to the basic financial statements

**Village of Bluffton**  
**Allen & Hancock Counties**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2011*

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government	\$ 509,143	\$ -	\$ 276,956	\$ -
Security of Persons and Property	765,377	256,292	6,800	3,062
Public Health Services	42,861	-	-	-
Leisure Time Activities	104,184	59,093	-	-
Community Environment	-	-	-	-
Basic Utility Services	10,750	16,290	914	-
Transportation	320,427	-	-	26,567
Capital Outlay	424,298	-	-	-
Debt Service:				
Principal Retirement	320,567	-	-	-
Interest and Fiscal Charges	13,943	-	-	-
<i>Total Governmental Activities</i>	<u>2,511,550</u>	<u>331,675</u>	<u>284,670</u>	<u>29,629</u>
<b>Business Type Activity</b>				
Water	975,131	910,268	-	-
Sewer	516,216	725,479	-	-
Water Debt Service	536,145	-	-	-
Sewer Improvement	410,607	-	-	-
Sanitation	181,337	187,393	-	-
Total Business Type Activities	<u>2,619,437</u>	<u>1,823,140</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>\$ 5,130,987</u>	<u>\$ 2,154,815</u>	<u>\$ 284,670</u>	<u>\$ 29,629</u>

**General Receipts**

Property Taxes Levied for:  
    General Purposes  
Municipal Income Taxes  
Other Taxes  
Enterprise Zone Fees  
Notes Issued  
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

Governmental Activities	Business-Type Activities	Total
\$ (232,187)	\$ -	\$ (232,187)
(499,223)	-	(499,223)
(42,861)	-	(42,861)
(45,092)	-	(45,092)
-	-	-
6,454	-	6,454
(293,860)	-	(293,860)
(424,298)	-	(424,298)
(320,567)	-	(320,567)
(13,943)	-	(13,943)
<u>(1,865,575)</u>	<u>-</u>	<u>(1,865,575)</u>
-	(64,864)	(64,864)
-	209,262	209,262
-	(536,145)	(536,145)
-	(410,607)	(410,607)
-	6,056	6,056
-	<u>(796,297)</u>	<u>(796,297)</u>
<u>\$ (1,865,575)</u>	<u>\$ (796,297)</u>	<u>\$ (2,661,872)</u>
161,479	-	161,479
1,710,016	-	1,710,016
138,170	-	138,170
6,548	-	6,548
-	37,501	37,501
6,585	16	6,601
<u>162,353</u>	<u>-</u>	<u>162,353</u>
2,185,151	37,517	2,222,668
(772,750)	772,750	-
<u>(82,890)</u>	<u>82,890</u>	<u>-</u>
<u>1,329,511</u>	<u>893,157</u>	<u>2,222,668</u>
(536,065)	96,860	(439,205)
<u>2,863,059</u>	<u>703,808</u>	<u>3,566,867</u>
<u>\$ 2,326,994</u>	<u>\$ 800,668</u>	<u>\$ 3,127,662</u>

**Village of Bluffton**  
**Allen & Hancock Counties**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2010*

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government	\$ 491,287	\$ -	\$ 411,956	\$ -
Security of Persons and Property	718,841	255,093	-	-
Public Health Services	53,710	18,177	-	-
Leisure Time Activities	117,610	62,140	1,108	-
Community Environment	1,000	-	-	-
Basic Utility Services	9,125	16,550	-	-
Transportation	290,556	-	-	-
Capital Outlay	479,751	-	-	-
Debt Service:				
Principal Retirement	354,611	-	-	-
Interest and Fiscal Charges	27,401	-	-	-
<i>Total Governmental Activities</i>	<u>2,543,892</u>	<u>351,960</u>	<u>413,064</u>	<u>-</u>
<b>Business Type Activity</b>				
Water	686,085	887,696	-	-
Sewer	450,097	725,007	-	-
Water Debt Service	536,145	-	-	-
Sanitation	560,462	189,178	-	-
<i>Total Business Type Activities</i>	<u>2,232,790</u>	<u>1,801,881</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u><u>\$4,776,682</u></u>	<u><u>2,153,841</u></u>	<u><u>413,064</u></u>	<u><u>\$0</u></u>

**General Receipts**

Property Taxes Levied for:  
    General Purposes  
Municipal Income Taxes  
Other Taxes  
Enterprise Zone Fees  
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

Governmental Activities	Business-Type Activities	Total
\$ (79,331)	\$ -	\$ (79,331)
(463,748)	-	(463,748)
(35,533)	-	(35,533)
(54,362)	-	(54,362)
(1,000)	-	(1,000)
7,425	-	7,425
(290,556)	-	(290,556)
(479,751)	-	(479,751)
<u>(354,611)</u>	<u>-</u>	<u>(354,611)</u>
<u>(27,401)</u>	<u>-</u>	<u>(27,401)</u>
<u>(1,778,868)</u>	<u>-</u>	<u>(1,778,868)</u>
-	201,611	201,611
-	274,910	274,910
-	(536,145)	(536,145)
-	(371,284)	(371,284)
<u>0</u>	<u>(430,908)</u>	<u>(430,908)</u>
<u>(1,778,868)</u>	<u>(430,908)</u>	<u>(2,209,776)</u>
208,817	-	208,817
1,725,326	-	1,725,326
146,616	-	146,616
7,870	-	7,870
11,788	36	11,824
<u>72,718</u>	<u>-</u>	<u>72,718</u>
2,173,134	36	2,173,170
<u>(290,000)</u>	<u>290,000</u>	<u>-</u>
<u>1,883,134</u>	<u>290,036</u>	<u>2,173,170</u>
104,266	(140,872)	(36,607)
<u>2,758,793</u>	<u>844,681</u>	<u>3,603,474</u>
<u>\$2,863,059</u>	<u>\$703,809</u>	<u>\$3,566,867</u>

**Village of Bluffton**  
**Allen and Hancock Counties**  
*Statement of Assets and Fund Balances- Cash Basis*  
*Governmental Funds*  
*December 31, 2011*

	General	TownHall Improvement	Street	Fire & Rescue Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 1,836,976	\$ 16,656	\$ 65,693	\$ 274,273	\$ 133,395	\$ 2,326,994
<i>Total Assets</i>	<u>\$ 1,836,976</u>	<u>\$ 16,656</u>	<u>\$ 65,693</u>	<u>\$ 274,273</u>	<u>\$ 133,395</u>	<u>\$ 2,326,994</u>
<b>Fund Balances</b>						
Nonspendable	\$ 225	\$ -	\$ -	\$ -	\$ -	\$ 225
Restricted	-	16,656	65,693	274,273	133,395	490,017
Committed	-	-	-	-	-	-
Assigned	124,296	-	-	-	-	124,296
Unassigned	1,712,455	-	-	-	-	1,712,455
<i>Total Fund Balances</i>	<u>\$ 1,836,976</u>	<u>\$ 16,656</u>	<u>\$ 65,693</u>	<u>\$ 274,273</u>	<u>\$ 133,395</u>	<u>\$ 2,326,994</u>

See accompanying notes to the basic financial statements



**Village of Bluffton**  
**Allen and Hancock Counties**  
*Statement of Assets and Fund Balances- Cash Basis*  
*Governmental Funds*  
*December 31, 2010*

	General	TownHall Improvement	Street	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 2,113,758	\$ 45,270	\$ 239,297	\$ 464,734	\$ 2,863,059
<i>Total Assets</i>	<u>\$ 2,113,758</u>	<u>\$ 45,270</u>	<u>\$ 239,297</u>	<u>\$ 464,734</u>	<u>\$ 2,863,059</u>
<b>Fund Balances</b>					
Reserved for Encumbrances	\$ 28,738	\$ 20,550	\$ 52,143	\$ 26,873	\$ 128,305
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	2,085,020	-	-	-	2,085,020
Special Revenue Funds	-	-	-	86,397	86,397
Debt Service Fund	-	-	-	863	863
Capital Projects Funds	-	24,720	187,154	348,749	560,623
Permanent Fund	-	-	-	1,851	1,851
<i>Total Fund Balances</i>	<u>\$ 2,113,758</u>	<u>\$ 45,270</u>	<u>\$ 239,297</u>	<u>\$ 464,734</u>	<u>\$ 2,863,059</u>

See accompanying notes to the basic financial statements

**VILLAGE OF BLUFFTON**  
**ALLEN & HANCOCK COUNTIES**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2011*

	General	Townhall Improvement	Street	Fire & Rescue Improvement	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Municipal Income Taxes	\$ 1,368,013	\$ 342,003	\$ -	\$ -	\$ -	\$ 1,710,016
Property and Other Local Taxes	184,816	-	106,220	-	8,612	299,649
Charges for Services	312,629	-	-	-	19,046	331,675
Payments in Lieu of Taxes	6,548	-	-	-	-	6,548
Fines, Licenses and Permits	16,091	-	22,392	-	44,541	83,024
Intergovernmental	284,670	-	25,567	-	4,063	314,300
Special Assessments	-	-	40,330	-	-	40,330
Gifts and Contributions	1,649	-	5,000	-	-	6,649
Interest	5,468	25	468	545	78	6,585
Miscellaneous	22,254	-	10,094	-	-	32,347
<i>Total Receipts</i>	<u>2,202,139</u>	<u>342,029</u>	<u>210,071</u>	<u>545</u>	<u>76,340</u>	<u>2,831,124</u>
<b>Disbursements</b>						
Current:						
General Government	509,143	-	-	-	-	509,143
Security of Persons and Property	729,930	-	-	33,983	1,465	765,377
Public Health Services	24,021	-	-	-	18,839	42,861
Leisure Time Activities	104,184	-	-	-	-	104,184
Community Environment	-	-	-	-	-	-
Basic Utility Services	10,750	-	-	-	-	10,750
Transportation	93,990	-	226,436	-	-	320,427
Capital Outlay	92,912	36,132	257,238	-	38,016	424,298
Debt Service:						
Principal Retirement	-	320,567	-	-	-	320,567
Interest and Fiscal Charges	-	13,943	-	-	-	13,943
<i>Total Disbursements</i>	<u>1,564,930</u>	<u>370,642</u>	<u>483,674</u>	<u>33,983</u>	<u>58,320</u>	<u>2,511,550</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>637,209</u>	<u>(28,614)</u>	<u>(273,604)</u>	<u>(33,438)</u>	<u>18,020</u>	<u>319,574</u>
<b>Other Financing Sources (Uses)</b>						
Loan Proceeds						-
Transfers In	85,000	-	100,000	90,000	2,000	277,000
Transfers Out	(1,049,750)	-	-	-	-	(1,049,750)
Advances Out	(82,890)	-	-	-	-	(82,890)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,047,640)</u>	<u>-</u>	<u>100,000</u>	<u>90,000</u>	<u>2,000</u>	<u>(855,640)</u>
<i>Net Change in Fund Balances</i>	<u>(410,430)</u>	<u>(28,614)</u>	<u>(173,604)</u>	<u>56,562</u>	<u>20,020</u>	<u>(536,065)</u>
<i>Fund Balances Beginning of Year, Restated</i>	<u>2,247,406</u>	<u>45,270</u>	<u>239,297</u>	<u>217,711</u>	<u>113,375</u>	<u>2,863,059</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,836,976</u>	<u>\$ 16,656</u>	<u>\$ 65,693</u>	<u>\$ 274,273</u>	<u>\$ 133,395</u>	<u>\$ 2,326,994</u>

See accompanying notes to the basic financial statements

**VILLAGE OF BLUFFTON  
ALLEN & HANCOCK COUNTIES**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2010*

	General	Townhall Improvement	Street	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Municipal Income Taxes	\$ 1,380,261	\$ 345,065	\$ -	\$ -	\$ 1,725,326
Property and Other Local Taxes	230,335	-	115,716	9,382	355,433
Charges for Services	333,783	-	-	18,177	351,960
Payments in Lieu of Taxes	7,870	-	-	-	7,870
Fines, Licenses and Permits	19,647	-	22,487	2,989	45,123
Intergovernmental	341,114	-	-	70,842	411,956
Gifts and Contributions	80	-	338	690	1,108
Interest	8,582	137	1,749	1,320	11,788
Miscellaneous	21,043	-	6,551	-	27,595
<b>Total Receipts</b>	<b>2,342,715</b>	<b>345,202</b>	<b>146,841</b>	<b>103,400</b>	<b>2,938,158</b>
<b>Disbursements</b>					
Current:					
General Government	486,299	-	-	4,988	491,287
Security of Persons and Property	717,459	-	-	1,382	718,841
Public Health Services	29,482	-	-	24,228	53,710
Leisure Time Activities	96,404	-	-	21,206	117,610
Community Environment	1,000	-	-	-	1,000
Basic Utility Services	9,125	-	-	-	9,125
Transportation	93,890	-	156,338	40,327	290,556
Capital Outlay	31,580	11,240	187,551	249,381	479,752
Debt Service:					
Principal Retirement	-	354,611	-	-	354,611
Interest and Fiscal Charges	-	27,401	-	-	27,401
<b>Total Disbursements</b>	<b>1,465,240</b>	<b>393,252</b>	<b>343,889</b>	<b>341,512</b>	<b>2,543,893</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>877,475</b>	<b>(48,050)</b>	<b>(197,048)</b>	<b>(238,112)</b>	<b>394,266</b>
<b>Other Financing Sources (Uses)</b>					
Loan Proceeds					-
Transfers In	-	-	131,623	232,500	364,123
Transfers Out	(637,500)	-	-	(16,623)	(654,123)
Advances In	54,100	-	-	54,100	108,200
Advances Out	(54,100)	-	-	(54,100)	(108,200)
<b>Total Other Financing Sources (Uses)</b>	<b>(637,500)</b>	<b>-</b>	<b>131,623</b>	<b>215,877</b>	<b>(290,000)</b>
<b>Net Change in Fund Balances</b>	<b>239,975</b>	<b>(48,050)</b>	<b>(65,425)</b>	<b>(22,235)</b>	<b>104,266</b>
<b>Fund Balances Beginning of Year</b>	<b>1,873,783</b>	<b>93,320</b>	<b>304,722</b>	<b>486,968</b>	<b>2,758,793</b>
<b>Fund Balances End of Year</b>	<b>\$ 2,113,758</b>	<b>\$ 45,270</b>	<b>\$ 239,297</b>	<b>\$ 464,733</b>	<b>\$ 2,863,059</b>

See accompanying notes to the basic financial statements

**Village of Bluffton**  
**Allen & Hancock Counties**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2011*

	Budgeted Amounts			(Optional)
				Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
<b>Receipts</b>				
Municipal Income Taxes	\$ 1,360,000	\$ 1,360,000	\$ 1,368,013	\$ 8,013
Property and Other Local Taxes	177,800	177,800	184,816	7,016
Charges for Services	312,700	312,700	312,629	(71)
Fines, Licenses and Permits	16,470	16,470	16,091	(379)
Intergovernmental	171,150	171,150	284,670	113,520
Payments in Lieu of Taxes	0	0	6,548	6,548
Gifts and Contributions	0	0	1,649	1,649
Interest	8,000	8,000	5,468	(2,532)
Miscellaneous	13,500	13,500	22,254	8,754
<i>Total receipts</i>	<u>2,059,620</u>	<u>2,059,620</u>	<u>2,202,139</u>	<u>142,519</u>
<b>Disbursements</b>				
Current:				
General Government	485,765	558,204	509,143	49,061
Security of Persons and Property	786,899	818,350	729,930	88,420
Public Health Services	31,000	31,073	24,021	7,052
Leisure Time Activities	131,951	120,510	104,184	16,326
Community Environment	2,000	2,000	-	2,000
Basic Utility Services	9,500	10,750	10,750	-
Transportation	117,975	100,975	93,990	6,985
Capital Outlay	172,500	171,000	92,912	78,088
<i>Total Disbursements</i>	<u>1,737,590</u>	<u>1,812,862</u>	<u>1,564,930</u>	<u>247,932</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>322,030</u>	<u>246,758</u>	<u>637,209</u>	<u>390,451</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	85,000	85,000	85,000	-
Advances In	212,600	212,600	-	(212,600)
Transfers Out	(944,900)	(1,094,900)	(1,049,750)	45,150
Advances Out	(257,600)	(257,600)	(82,890)	174,710
<i>Total Other Financing Sources (Uses)</i>	<u>(904,900)</u>	<u>(1,054,900)</u>	<u>(1,047,640)</u>	<u>7,260</u>
<i>Net Change in Fund Balance</i>	(582,870)	(808,142)	(410,430)	397,712
<i>Fund Balance Beginning of Year</i>	2,113,758	2,113,758	2,113,758	-
Prior Year Encumbrances Appropriated	28,738	28,738	28,738	-
<i>Fund Balance End of Year</i>	<u>\$ 1,559,626</u>	<u>\$ 1,334,354</u>	<u>\$ 1,732,066</u>	<u>\$ 397,712</u>

**Village of Bluffton**  
**Allen & Hancock Counties**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2010*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Municipal Income Taxes	\$ 1,304,110	\$ 1,304,110	\$ 1,380,261	\$ 76,151
Property and Other Local Taxes	190,317	190,317	230,335	40,018
Charges for Services	240,088	240,088	333,783	93,695
Fines, Licenses and Permits	17,525	17,525	19,647	2,122
Intergovernmental	221,900	221,900	341,114	119,214
Payments in Lieu of Taxes	3,500	3,500	7,870	4,370
Gifts and Contributions	100	100	80	(20)
Interest	55,000	55,000	8,582	(46,418)
Miscellaneous	16,200	16,200	21,043	4,843
<i>Total receipts</i>	<u>2,048,740</u>	<u>2,048,740</u>	<u>2,342,715</u>	<u>293,975</u>
<b>Disbursements</b>				
Current:				
General Government	505,033	521,218	486,299	34,919
Security of Persons and Property	746,851	755,776	717,459	38,317
Public Health Services	28,073	32,573	29,482	3,091
Leisure Time Activities	100,411	105,411	96,404	9,007
Community Environment	1,511	1,511	1,000	511
Basic Utility Services	9,000	9,125	9,125	-
Transportation	104,300	103,475	93,890	9,585
Capital Outlay	63,443	59,567	31,580	27,987
<i>Total Disbursements</i>	<u>1,558,622</u>	<u>1,588,656</u>	<u>1,465,240</u>	<u>123,416</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>490,117</u>	<u>460,084</u>	<u>877,475</u>	<u>417,391</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	-	-	54,100	54,100
Transfers Out	(629,500)	(643,000)	(637,500)	5,500
Advances Out	-	(54,100)	(54,100)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(629,500)</u>	<u>(697,100)</u>	<u>(637,500)</u>	<u>59,600</u>
<i>Net Change in Fund Balance</i>	(139,383)	(237,016)	239,975	476,991
<i>Fund Balance Beginning of Year</i>	1,823,387	1,823,387	1,823,387	-
Prior Year Encumbrances Appropriated	50,396	50,396	50,396	-
<i>Fund Balance End of Year</i>	<u>\$ 1,734,400</u>	<u>\$ 1,636,767</u>	<u>\$ 2,113,758</u>	<u>\$ 476,991</u>

See accompanying notes to the basic financial statements

**Village of Bluffton**  
**Allen & Hancock Counties**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Street Fund*  
*For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 100,000	\$ 100,000	\$ 106,220	\$ 6,220
Fines, Licenses and Permits	20,000	20,000	22,392	2,392
Intergovernmental	-	-	25,567	25,567
Special Assessments	-	-	40,330	40,330
Gifts and Contributions	-	-	5,000	5,000
Interest	1,950	1,950	468	(1,482)
Miscellaneous	-	-	10,094	10,094
<i>Total receipts</i>	<u>121,950</u>	<u>121,950</u>	<u>210,071</u>	<u>88,121</u>
<b>Disbursements</b>				
Current:				
Transportation	235,056	248,143	226,436	21,707
Capital Outlay	250,000	284,315	257,238	27,077
<i>Total Disbursements</i>	<u>485,056</u>	<u>532,458</u>	<u>483,674</u>	<u>48,784</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(363,106)</u>	<u>(410,508)</u>	<u>(273,604)</u>	<u>136,904</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	100,000	100,000	100,000	-
<i>Total Other Financing Sources (Uses)</i>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(263,106)	(310,508)	(173,604)	136,904
<i>Fund Balance Beginning of Year</i>	239,297	239,207	239,207	-
Prior Year Encumbrances Appropriated	52,143	52,143	52,143	-
<i>Fund Balance End of Year</i>	<u>\$ 28,334</u>	<u>\$ (19,158)</u>	<u>\$ 117,746</u>	<u>\$ 136,904</u>

See accompanying notes to the basic financial statements

**Village of Bluffton**  
**Allen & Hancock Counties**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Street Fund*  
*For the Year Ended December 31, 2010*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 120,000	\$ 120,000	\$ 115,716	\$ (4,284)
Fines, Licenses and Permits	22,000	22,000	22,487	487
Intergovernmental	-	-	-	-
Gifts and Contributions	-	-	338	338
Interest	10,000	10,000	1,749	(8,251)
Miscellaneous	-	-	6,551	6,551
<i>Total receipts</i>	<u>152,000</u>	<u>152,000</u>	<u>146,841</u>	<u>(5,159)</u>
<b>Disbursements</b>				
Current:				
Transportation	184,195	218,210	156,338	61,872
Capital Outlay	311,358	221,850	187,551	34,300
<i>Total Disbursements</i>	<u>495,554</u>	<u>440,060</u>	<u>343,889</u>	<u>96,172</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(343,554)</u>	<u>(288,060)</u>	<u>(197,048)</u>	<u>91,012</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	250,000	250,000	131,623	(118,377)
<i>Total Other Financing Sources (Uses)</i>	<u>250,000</u>	<u>250,000</u>	<u>131,623</u>	<u>(118,377)</u>
<i>Net Change in Fund Balance</i>	(93,554)	(38,060)	(65,425)	(27,365)
<i>Fund Balance Beginning of Year</i>	186,515	186,515	186,515	-
Prior Year Encumbrances Appropriated	118,207	118,207	118,207	-
<i>Fund Balance End of Year</i>	<u>\$ 211,168</u>	<u>\$ 266,662</u>	<u>\$ 239,297</u>	<u>\$ (27,365)</u>

See accompanying notes to the basic financial statements

**Village of Bluffton**  
**Allen and Hancock Counties**  
*Statement of Fund Net Assets - Cash Basis*  
*Proprietary Funds*  
*December 31, 2011*

	Business-Type Activities						Total Enterprise Funds
	Water Fund	Sewer Fund	Sewer Debt Service Reserve Fund	Water Debt Service Fund	Sewer Improvement Fund	Other Enterprise Funds	
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$ 333,308	\$ 226,882	\$ 176,322	\$ -	\$ -	\$ 64,156	\$ 800,667
<i>Total Assets</i>	<u>\$ 333,308</u>	<u>\$ 226,882</u>	<u>\$ 176,322</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,156</u>	<u>\$ 800,667</u>
<b>Net Assets</b>							
Restricted for:							
Capital Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,469	\$ 24,469
Debt Service	-	-	176,322	-	-	39,687	216,009
Unrestricted	333,308	226,882	-	-	-	-	560,190
<b>Total Net Assets</b>	<u>\$ 333,308</u>	<u>\$ 226,882</u>	<u>\$ 176,322</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,156</u>	<u>\$ 800,668</u>

See accompanying notes to the basic financial statements



**Village of Bluffton**  
**Allen and Hancock Counties**  
*Statement of Fund Net Assets - Cash Basis*  
*Proprietary Funds*  
*December 31, 2010*

	Business-Type Activities					Total Enterprise Funds
	Water Fund	Sewer Fund	Water Debt Service Fund	Sewer Debt Service Fund	Other Enterprise Funds	
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$169,888	\$288,223	\$481	\$38,797	\$206,420	\$703,809
<i>Total Assets</i>	<u>\$169,888</u>	<u>\$288,223</u>	<u>\$481</u>	<u>\$38,797</u>	<u>\$206,420</u>	<u>\$703,809</u>
<b>Net Assets</b>						
Restricted for:						
Capital Projects					\$15,905	\$15,905
Debt Service			\$481	\$38,797	\$190,515	\$229,793
Unrestricted	\$169,888	\$288,223				\$458,111
<b>Total Net Assets</b>	<u>\$169,888</u>	<u>\$288,223</u>	<u>\$481</u>	<u>\$38,797</u>	<u>\$206,420</u>	<u>\$703,809</u>

See accompanying notes to the basic financial statements

**Village of Bluffton**  
**Allen & Hancock Counties**  
 Statement of Cash Receipts,  
 Disbursements and Changes in Fund Net Assets - Cash Basis  
 Proprietary Funds  
 For the Year Ended December 31, 2011

	Business-Type Activities						Total Enterprise Funds
	Water Fund	Sewer Fund	Sewer Debt Service Reserve Fund	Water Debt Service	Sewer Improvement Fund	Other Enterprise Funds	
<b>Operating Receipts</b>							
Charges for Services	\$ 874,714	\$ 719,929	\$ -	\$ -	\$ -	\$ 187,393	\$ 1,782,036
Other Operating Receipts	35,554	5,550	-	-	-	-	41,104
<i>Total Operating Receipts</i>	<u>910,268</u>	<u>725,479</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,393</u>	<u>1,823,140</u>
<b>Operating Disbursements</b>							
Personal Services	64,768	122,891	-	-	-	-	187,660
Fringe Benefits	28,759	47,859	-	-	-	-	76,619
Contractual Services	450,575	192,077	-	-	-	181,337	823,989
Materials and Supplies	20,079	48,965	-	-	-	-	69,045
Capital Outlay	17,002	64,316	-	-	410,607	148,838	640,762
<i>Total Operating Disbursements</i>	<u>581,183</u>	<u>476,108</u>	<u>-</u>	<u>-</u>	<u>410,607</u>	<u>330,176</u>	<u>1,798,074</u>
<i>Operating Income (Loss)</i>	329,085	249,371	-	-	(410,607)	(142,783)	25,065
<b>Non-Operating Receipts (Disbursements)</b>							
Proceeds from OWDA Loan	-	-	-	-	-	37,501	37,501
Interest	-	(25,981)	-	(226,600)	16	(160,110)	(412,675)
Principal Payments	-	(14,127)	-	(309,545)	-	(85,000)	(408,673)
Interest and Fiscal Charges	-	-	-	-	-	-	-
<i>Income (Loss) before Transfers</i>	329,085	209,262	-	(536,145)	(410,591)	(350,392)	(758,781)
Transfers In	370,000	-	24,603	535,665	280,000	368,750	1,579,018
Transfers Out	(535,665)	(270,603)	-	-	-	-	(806,268)
Advances In	-	-	-	-	82,890	-	82,890
<i>Change in Net Assets</i>	163,420	(61,341)	24,603	(481)	(47,701)	18,359	96,858
<i>Net Assets Beginning of Year</i>	169,888	288,223	151,719	481	47,701	45,797	703,809
<i>Net Assets End of Year</i>	<u>\$ 333,308</u>	<u>\$ 226,882</u>	<u>\$ 176,322</u>	<u>\$ 0</u>	<u>\$ -</u>	<u>\$ 64,156</u>	<u>\$ 800,667</u>

See accompanying notes to the basic financial statements

**Village of Bluffton**  
**Allen & Hancock Counties**  
*Statement of Cash Receipts,*  
*Disbursements and Changes in Fund Net Assets - Cash Basis*  
*Proprietary Funds*  
*For the Year Ended December 31, 2010*

	Business-Type Activities		Business-Type Activities			Total Enterprise Funds
	Water Fund	Sewer Fund	Water Debt Service	Sewer Debt Service	Other Enterprise Funds	
<b>Operating Receipts</b>						
Charges for Services	\$ 879,346	\$ 721,107	\$ -	\$ -	\$ 189,178	\$ 1,789,632
Other Operating Receipts	8,349	3,900	-	-	-	12,249
<i>Total Operating Receipts</i>	<u>887,696</u>	<u>725,007</u>	<u>-</u>	<u>-</u>	<u>189,178</u>	<u>1,801,881</u>
<b>Operating Disbursements</b>						
Personal Services	111,399	116,592	-	-	-	227,991
Fringe Benefits	32,986	41,466	-	-	-	74,452
Contractual Services	524,515	163,085	-	-	179,209	866,809
Materials and Supplies	13,852	42,939	-	-	-	56,791
Capital Outlay	3,333	45,907	-	-	107,578	156,818
<i>Total Operating Disbursements</i>	<u>686,085</u>	<u>409,989</u>	<u>-</u>	<u>-</u>	<u>286,787</u>	<u>1,382,860</u>
<i>Operating Income (Loss)</i>	201,611	315,018	-	-	(97,608)	419,021
<b>Non-Operating Receipts (Disbursements)</b>						
Interest	-	-	-	-	36	36
Principal Payments	-	(13,494)	(300,056)	(82,000)	(27,875)	(423,425)
Interest and Fiscal Charges	-	(26,615)	(236,089)	(163,800)	-	(426,503)
<i>Income (Loss) before Transfers</i>	201,611	274,910	(536,145)	(245,800)	(125,448)	(430,872)
Transfers In	200,000	90,000	513,000	246,000	24,603	1,073,603
Transfers Out	(513,000)	(270,603)	-	-	-	(783,603)
<i>Change in Net Assets</i>	(111,389)	94,307	(23,145)	200	(100,845)	(140,872)
<i>Net Assets Beginning of Year</i>	<u>281,277</u>	<u>193,916</u>	<u>23,626</u>	<u>38,597</u>	<u>307,265</u>	<u>844,681</u>
<i>Net Assets End of Year</i>	<u>\$ 169,888</u>	<u>\$ 288,223</u>	<u>\$ 481</u>	<u>\$ 38,797</u>	<u>\$ 206,420</u>	<u>\$ 703,809</u>

See accompanying notes to the basic financial statements

Village of Bluffton  
Allen and Hancock Counties  
Notes to the Financial Statements  
December 31, 2011 and 2010

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**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 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 modified 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 modified 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 Counties  
Notes to the Financial Statements  
December 31, 2011 and 2010

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

The statement of net assets presents the cash balance 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, Street Fund, Town Hall Improvement Fund, and the Fire and Rescue Improvement Fund (2011 only).

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.

Fire and Rescue Improvement Fund (2011 only) – is used to account for grants and other resources to pay for improvements and replacement of fire and rescue equipment.

Village of Bluffton  
Allen and Hancock Counties  
Notes to the Financial Statements  
December 31, 2011 and 2010

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

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

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.

Sewer Debt Service Reserve Fund (2011 only) - The sewer debt service fund reserve fund monitors the required reserves to pay for future sewer debt obligations.

Water Debt Service Fund - The water debt service fund accounts for the provision of resources to pay debt requirements related to water services.

Sewer Improvement Fund (2011 only) - The sewer improvement fund accounts for the provision of sewer to the residents and commercial user within the Village to upgrade sewer services.

Sewer Debt Service Fund (2010 only) - The sewer debt service fund accounts for the provision of resources to pay debt requirements related to sewer services.

C. Basis of Accounting

The Village's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, 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. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this modified 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.

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

**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 Fiscal Officer. 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.

**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 2011 and 2010, the Village invested in nonnegotiable certificates of deposit, a money market fund, and STAR Ohio. The nonnegotiable certificates of deposits 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, 2011 and 2010.

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, 2011 and 2010.

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

**E. Cash and Investments** (continued)

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 2011 and 2010 were \$5,468 and \$8,582 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 modified cash basis of accounting.

**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 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**L. Long-Term Obligations**

The Village's modified 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.



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

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

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

***Restricted*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

Village of Bluffton  
 Allen and Hancock Counties  
 Notes to the Financial Statements  
 December 31, 2011 and 2010

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N. Fund Balance Reserves (continued)

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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.

**Note 3 – Change in Accounting Principle and Restatement of Net Assets/Fund Equity**

For 2011, the Village implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had the following effect on fund balances of the major governmental funds and all other governmental funds as previously reported:

	General	Town Hall Improvement	Street	Fire & Rescue Improvement	Other Governmental Funds	Total
Fund Balance at December 31, 2010	\$2,113,758	\$45,270	\$239,297	\$217,711	\$247,023	\$2,863,059
GASB 54 Change in Fund Structure	133,648	0	0	0	(133,648)	0
Adjusted Fund Balance at December 31, 2011	<u>\$2,247,406</u>	<u>\$45,270</u>	<u>\$239,297</u>	<u>\$217,711</u>	<u>\$113,375</u>	<u>\$2,863,059</u>

**Note 4 – 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 is 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 modified cash basis is (are) outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified 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 (modified cash basis)). The encumbrances outstanding at year end (budgetary basis) for the general fund amounted to \$28,045 and 28,738 for 2011 and 2010, respectively, encumbrances in the street fund amounted to \$38,459 and \$52,143 for 2011 and 2010, respectively, and encumbrances in the Town Hall Improvement fund were \$20,550 in 2010.

**Note 5 – 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;

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**Note 5 - Deposits and Investments** (continued)

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).

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".

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, 2011 and 2010, \$2,215,447 and \$2,800,172 of the Village's bank balance of \$3,088,914 and \$3,593,823 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, 2011 and 2010, the Village had the following investments:

<u>STAR Ohio</u>	<u>Carrying Value</u>
December 31, 2011	\$14,759
December 31, 2010	\$14,751

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 Standard 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 Standard 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.

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**Note 6 – Income Taxes**

The Village levies a one and a quarter percent income tax whose proceeds are placed into the General Fund (one percent) and Town Hall Improvement Fund (quarter percent). 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 of one hundred percent of the one and a quarter 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. The quarter percent associated with the Town Hall Improvement Fund is set to be taken off at the end of 2012. The voters in the November 2011 election, voted to replace the quarter percent tax associated with the Town Hall Improvement Fund with a quarter percent tax for a fifteen year period, beginning January 1, 2013 for water and sewer capital improvements and the related debt.

**Note 7 – 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 2011 represent the collection of 2010 taxes. Real property taxes received in 2011 were levied after October 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 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 2011 represent the collection of 2010 taxes. Public utility real and tangible personal property taxes received in 2011 became a lien on December 31, 2010, were levied after October 1, 2010, 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 2011 (other than public utility property) represent the collection of 2010 taxes. Tangible personal property taxes received in 2011 were levied after October 1, 2010, on the true value as of December 31, 2010. 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 first 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, 2011, was \$2.50 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2011 property tax receipts were based was \$73,527,180.

**Note 8 – 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.

**Note 8 – Risk Management (Continued)**

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

**Note 9 – Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administer three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provide retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2011, the members of all three plans were required to contribute 10.00 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2011 was 14.00 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2011, 2010, and 2009 were \$84,294, \$89,680, and \$98,114 respectively. The full amount has been contributed for 2011, 2010 and 2009.

**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 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 issues 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 percent of their annual covered salary to fund pension obligations while the Village is required to contribute 19.50 percent and 24.00 percent respectively for police officers and firefighters. Contributions are authorized by State statute. The Village's required contributions to the Fund for the years ended December 31, 2011, 2010, and 2009 were \$53,336, \$51,432, and \$51,120, respectively. The full amount has been contributed for 2011, 2010 and 2009.

**Note 10 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—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 benefit post-employment health care plan for 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. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011 and 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.87 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

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 for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, and 2010 were \$25,469, and \$27,096, respectively; 100 percent has been contributed for 2011 and 100 percent for 2010.

Village of Bluffton  
Allen and Hancock Counties  
Notes to the Financial Statements  
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A. Ohio Public Employees Retirement System (Continued)

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 increased on January 1 of each year from 2006 to 2008. Rates for law enforcement and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. 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 multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long-term 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 OP&F meets the definition of 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 OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – 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 by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. 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, 2011 and 2010, the employer contribution 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).

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.



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December 31, 2011 and 2010

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**B. Ohio Police and Fire Pension Fund (Continued)**

The Village's contributions to OP&F which were allocated to fund post-employment health care benefits for firefighters were \$14,999 for the year ended December 31, 2011, and \$14,446 for the year ended December 31, 2010. The full amount has been contributed for 2011 and 2010.

**Note 11 – Debt**

The Village's long-term debt activity for the year ended December 31, 2011, are as follows:

	Interest Rate	Balance January 1, 2010	Additions	Reductions	Balance December 31, 2011	Due Within One Year
<b><u>Governmental Activities</u></b>						
First National Loan - Town Hall Improvement	3.50%	838,278	-	(675,178)	163,100	134,729
Total Governmental-Type Activities		<u>\$838,278</u>	<u>\$-</u>	<u>\$(675,178)</u>	<u>\$163,100</u>	<u>\$134,729</u>
<b><u>Business-Type Activities</u></b>						
OWDA Loan - Water System Improvements	5.77%	1,490,580	-	(110,177)	1,380,403	59,971
Issue II Loan	0.00%	98,115	-	(16,352)	81,763	8,176
OWDA Loan – Wastewater Treatment	4.64%	576,924	-	(27,621)	549,303	14,790
OWDA Loan – Waterline from Ottawa	2.75%	4,195,319	37,501	(414,078)	3,818,742	183,252
OPWC Loan – Main street Waterline Replacement	0.00%	365,609	-	(40,624)	324,985	20,312
First National Loan – Jackson, Elm Waterline Replacement	3.50%	400,000	-	(56,246)	343,754	28,107
USDA Rural Development Mortgage Revenue Bonds	4.50%	3,640,000	-	(167,000)	3,473,000	89,000
Total Business-type Activities		<u>\$10,766,547</u>	<u>\$37,501</u>	<u>\$(832,098)</u>	<u>\$9,971,950</u>	<u>\$403,608</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 Counties  
Notes to the Financial Statements  
December 31, 2011 and 2010

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**Note 11 – 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 \$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 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
2012	20,312	-	20,312	\$59,972	\$78,796	\$138,768	\$8,176	-	\$8,176
2013	20,312	-	20,312	63,481	75,287	138,768	8,176	-	8,176
2014	20,312	-	20,312	67,197	71,571	138,768	8,176	-	8,176
2015	20,312	-	20,312	71,130	67,638	138,768	8,176	-	8,176
2016	20,312	-	20,312	75,294	63,474	138,768	8,176	-	8,176
2017- 2021	101,560	-	101,560	447,967	245,873	693,840	40,883	-	40,883
2022- 2026	101,560	-	101,560	595,363	98,477	693,840	-	-	-
2027- 2031	20,305	-	20,305	-	-	-	-	-	-
2032- 2034	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$324,985</b>	<b>-</b>	<b>\$324,985</b>	<b>\$1,380,404</b>	<b>\$701,116</b>	<b>\$2,081,520</b>	<b>\$81,763</b>	<b>-</b>	<b>\$81,763</b>

Village of Bluffton  
Allen and Hancock Counties  
Notes to the Financial Statements  
December 31, 2011 and 2010

**Note 11 – Debt** (continued)

	OWDA Loan Wastewater System			First National Loan Jackson Waterline			USDA Bonds		
	Principa l	Interest	Total	Principa l	Interest	Total	Principal	Interest	Total
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	16,973	23,135	40,108	14,547	18,183	32,730	102,000	143,730	245,730
2016	17,768	22,340	40,108	15,322	17,408	32,730	106,000	139,140	245,140
2017- 2021	102,166	98,374	200,540	90,853	72,800	163,653	608,000	619,605	1,227,605
2022- 2026	128,502	72,038	200,540	119,622	44,031	163,653	758,000	469,755	1,227,755
2027- 2031	161,630	38,910	200,540	61,590	8,929	70,519	945,000	283,185	1,228,185
2032- 2034	75,779	4,445	80,224	-	-	-	675,000	61,650	736,650
Total s	\$549,30 3	\$333,08 1	\$882,38 4	\$343,75 4	\$213,09 8	\$556,85 2	\$3,473,00 0	\$2,173,72 5	\$5,646,72 5

The OWDA Loan for the Ottawa Waterline has not been finalized as of December 31, 2011; therefore, an amortization schedule is not available.

**Note 12 – Interfund Transfers**

**2011**

Fund	Transfer In	Transfer Out
General	\$85,000	(\$1,049,750)
Street	100,000	
Fire & Rescue	90,000	
Other Governmental	2,000	
Water	370,000	(535,665)
Sewer		(270,603)
Sewer Debt Service Reserve	24,603	
Water Debt Service	535,665	
Sewer Improvement	280,000	
Other Enterprise	368,750	
 Total	 \$1,856,018	 (\$1,856,018)

Village of Bluffton  
 Allen and Hancock Counties  
 Notes to the Financial Statements  
 December 31, 2011 and 2010

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**2010**

Fund	Transfer In	Transfer Out
General	\$0	(\$637,500)
Street	131,623	0
Other Governmental	232,500	(16,623)
Water	200,000	(513,000)
Sewer	90,000	(270,603)
Water Debt Service	513,000	
Sewer Debt Service	246,000	
Other Enterprise	24,603	
	<hr/>	<hr/>
Total	<u>\$1,437,726</u>	<u>(\$1,437,726)</u>

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Transfers are used to move revenue 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, Sewer Fund and the FEMA 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. The \$16,623 was transferred from the FEMA fund to the Street fund to repay the Street fund for original obligations that were paid.

**Note 13 – 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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### **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Village of Bluffton  
Allen and Hancock County  
154 N Main Street  
Bluffton, Ohio 45817

To the Village Council:

We have audited the 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 and Hancock County, Ohio, (the Village) as of and for the years ended December 31, 2011 and 2010, which collectively comprises the Village's basic financial statements and have issued our report thereon dated July 31, 2012, wherein we noted the Village adopted the provisions of Government Accounting Standards Board Statement No. 54, *Fund Balance and Governmental Fund Type Definitions*. We also noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. 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 was not designed to identify all deficiencies in internal control over financial reporting 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.

Village of Bluffton  
Allen and Hancock County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards  
(Continued)

### **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 also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 31, 2012.

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

*Caudill & Associates, CPA*

Caudill & Associates, CPA

July 31, 2012



# Dave Yost • 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  
DECEMBER 20, 2012