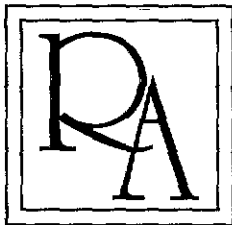


**VILLAGE OF BLUFFTON**

**REGULAR AUDIT**

January 1, 1998 - December 31, 1999



Reichert & Associates, CPA's

206 West Hardin Street  
Findlay, Ohio 45840  
419-422-6131

**VILLAGE OF BLUFFTON**

**REGULAR AUDIT**

January 1, 1998 - December 31, 1999

VILLAGE OF BLUFFTON  
ALLEN COUNTY

Table of Contents

<b>TITLE</b>	<b>PAGE</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>1</b>
<b>COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUNDS AND SIMILAR FIDUCIARY FUNDS - FOR THE YEAR ENDED DECEMBER 31, 1999</b>	<b>2</b>
<b>COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUNDS - FOR THE YEAR ENDED DECEMBER 31, 1999</b>	<b>3</b>
<b>COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUNDS AND SIMILAR FIDUCIARY FUNDS - FOR THE YEAR ENDED DECEMBER 31, 1998</b>	<b>4</b>
<b>COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUNDS - FOR THE YEAR ENDED DECEMBER 31, 1998</b>	<b>5</b>
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	<b>6</b>
<b>REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY <u>GOVERNMENT AUDITING STANDARDS</u></b>	<b>14</b>
<b>SCHEDULE OF FINDINGS</b>	<b>15</b>
<b>STATUS OF PRIOR AUDIT'S FINDINGS, CITATIONS, AND RECOMMENDATIONS</b>	<b>17</b>

**REICHERT & ASSOCIATES, CPA'S**

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**Independent Auditor's Report**

Village of Bluffton  
Allen County  
100 East Elm Street  
Bluffton, Ohio 45817-1319

To the Members of the Village Council

We have audited the accompanying financial statements of the Village of Bluffton, Allen County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Bluffton, Allen County, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1-B.

In accordance with Government Auditing Standards, we have also issued our report dated May 31, 2000 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

May 31, 2000  
Findlay, Ohio

**REICHERT & ASSOCIATES, CPA'S**  
Certified Public Accountants



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

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Telephone 614-466-4514  
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Village of Bluffton  
100 E. Elm St.  
Bluffton, Ohio 45817-1319

We have reviewed the Independent Auditor's Report of the Village of Bluffton, Allen County, prepared by Reichert & Associates, CPA's, for the audit period January 1, 1999 to December 31, 1999. 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, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

June 29, 2000

**VILLAGE OF BLUFFTON  
ALLEN COUNTY, OHIO**

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

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Total (Memorandum Only)
<b>Cash receipts:</b>						
Local taxes	\$1,578,688	\$0	\$0	\$0	\$0	\$1,578,688
Intergovernmental	393,176	110,360	0	135,125	0	638,661
Special assessments	0	0	9,764	0	0	9,764
Charges for services	134,550	25,929	0	0	0	160,479
Fines, licenses, and permits	22,823	370	0	0	0	23,193
Miscellaneous	80,661	5,840	0	79,656	0	166,157
<b>Total cash receipts</b>	<b>2,209,898</b>	<b>142,499</b>	<b>9,764</b>	<b>214,781</b>	<b>0</b>	<b>2,576,942</b>
<b>Cash disbursements:</b>						
<b>Current:</b>						
Security of persons and property	538,845	132	0	290,249	0	829,226
Public health services	27,429	27,919	0	0	0	55,348
Leisure time activities	96,770	37,644	0	0	0	134,414
Community environment	1,347	0	0	0	0	1,347
Basic utility services	39,548	0	0	1,423,907	0	1,463,455
Transportation	172,928	242,782	0	0	0	415,710
General government	318,367	0	238	157,682	0	476,287
<b>Debt Service:</b>						
Redemption of principal	0	25,500	97,180	0	0	122,680
Interest	0	9,512	24,319	0	0	33,831
<b>Total program disbursements</b>	<b>1,195,234</b>	<b>343,489</b>	<b>121,737</b>	<b>1,871,838</b>	<b>0</b>	<b>3,532,298</b>
<b>Total receipts over/(under) program disbursements</b>	<b>1,014,664</b>	<b>(200,990)</b>	<b>(111,973)</b>	<b>(1,657,057)</b>	<b>0</b>	<b>(955,356)</b>
<b>Other financing receipts/(disbursements):</b>						
Sale of Notes	0	0	0	1,795,000	0	1,795,000
Sale of Fixed Assets	3,000	0	0	0	0	3,000
Transfers-in	2,020	182,050	112,000	347,251	0	643,321
Transfers-out	(934,301)	0	0	(112,000)	(2,020)	(1,048,321)
Other uses	(3,000)	(2,665)	0	0	0	(5,665)
<b>Total other financing receipts/(disbursements)</b>	<b>(932,281)</b>	<b>179,385</b>	<b>112,000</b>	<b>2,030,251</b>	<b>(2,020)</b>	<b>1,387,335</b>
<b>Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements</b>	<b>82,383</b>	<b>(21,605)</b>	<b>27</b>	<b>373,194</b>	<b>(2,020)</b>	<b>431,979</b>
<b>Fund cash balances January 1, 1999</b>	<b>670,351</b>	<b>93,537</b>	<b>5,375</b>	<b>989,491</b>	<b>2,298</b>	<b>1,758,754</b>
<b>Fund cash balances, December 31, 1999</b>	<b>\$752,734</b>	<b>\$71,932</b>	<b>\$5,402</b>	<b>\$1,362,685</b>	<b>\$278</b>	<b>\$2,193,031</b>
<b>Reserve for encumbrances, December 31, 1999</b>	<b>\$68,857</b>	<b>\$11,092</b>	<b>\$0</b>	<b>\$558,505</b>	<b>\$0</b>	<b>\$638,454</b>

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

No page 2

**VILLAGE OF BLUFFTON  
ALLEN COUNTY, OHIO**

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

	Enterprise	Non- Expendable Trust	Total (Memorandum Only)
<b>Operating cash receipts:</b>			
Charges for services	\$912,221	\$0	\$912,221
Total operating cash receipts	<u>912,221</u>	<u>0</u>	<u>912,221</u>
<b>Operating cash disbursements:</b>			
Personal services	256,918	0	256,918
Contractual services	225,934	0	225,934
Supplies and materials	115,525	0	115,525
Capital outlay	215,193	0	215,193
Total operating cash disbursements	<u>813,570</u>	<u>0</u>	<u>813,570</u>
Operating income/(loss)	<u>98,651</u>	<u>0</u>	<u>98,651</u>
<b>Non-operating cash receipts:</b>			
Sale of notes	1,795,000	0	1,795,000
Sale of Advance Refunding Bonds	500,000	0	500,000
Miscellaneous	25,634	0	25,634
Total non-operating cash receipts	<u>2,320,634</u>	<u>0</u>	<u>2,320,634</u>
<b>Non-operating cash disbursements:</b>			
Redemption of Principal	2,104,440	0	2,104,440
Payment to Bond Escrow Agent	845,000	0	845,000
Interest	145,482	0	145,482
Total non-operating cash disbursements	<u>3,094,922</u>	<u>0</u>	<u>3,094,922</u>
Excess of receipts over/(under) disbursements before interfund transfers and advances	(675,637)	0	(675,637)
Transfers-in	508,929	0	508,929
Transfers-out	(103,929)	0	(103,929)
Net receipts over/(under) disbursements	(270,637)	0	(270,637)
Fund cash balances, January 1, 1999	<u>455,555</u>	<u>1,869</u>	<u>457,424</u>
Fund cash balances, December 31, 1999	<u>\$184,918</u>	<u>\$1,869</u>	<u>\$186,787</u>
Reserve for encumbrances, December 31, 1999	<u>\$13,019</u>	<u>\$0</u>	<u>\$13,019</u>

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



**VILLAGE OF BLUFFTON  
ALLEN COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Total (Memorandum Only)
<b>Cash receipts:</b>						
Local taxes	\$142,562	\$0	\$0	\$0	\$1,360,006	\$1,502,568
Intergovernmental	386,365	102,243	0	0	0	488,608
Special assessments	0	0	11,770	0	0	11,770
Charges for services	158,909	26,037	0	0	0	184,946
Fines, licenses, and permits	22,104	423	0	0	0	22,527
Miscellaneous	117,227	4,323	0	36,368	0	157,918
<b>Total cash receipts</b>	<b>827,167</b>	<b>133,026</b>	<b>11,770</b>	<b>36,368</b>	<b>1,360,006</b>	<b>2,368,337</b>
<b>Cash disbursements:</b>						
<b>Current:</b>						
Security of persons and property	483,125	511	0	74,251	0	\$557,887
Public health services	32,559	26,514	0	0	0	59,073
Leisure time activities	115,734	43,298	0	2,600	0	161,632
Community environment	1,347	0	0	0	0	1,347
Basic utility services	10,367	0	0	3,510	0	13,877
Transportation	24,891	147,440	0	917	0	173,248
General government	313,076	0	259	27,250	11,152	351,737
<b>Debt Service:</b>						
Redemption of principal	0	25,500	94,180	0	0	119,680
Interest	0	5,986	34,207	0	0	40,193
<b>Total program disbursements</b>	<b>981,099</b>	<b>249,249</b>	<b>128,646</b>	<b>108,528</b>	<b>11,152</b>	<b>1,478,674</b>
<b>Total receipts over/(under) program disbursements</b>	<b>(153,932)</b>	<b>(116,223)</b>	<b>(116,876)</b>	<b>(72,160)</b>	<b>1,348,854</b>	<b>889,663</b>
<b>Other financing receipts/(disbursements):</b>						
Transfers-in	934,406	126,250	111,250	476,264	0	1,648,170
Transfers-out	(417,000)	0	0	(111,250)	(1,364,920)	(1,893,170)
<b>Total other financing receipts/(disbursements)</b>	<b>517,406</b>	<b>126,250</b>	<b>111,250</b>	<b>365,014</b>	<b>(1,364,920)</b>	<b>(245,000)</b>
<b>Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements</b>	<b>363,474</b>	<b>10,027</b>	<b>(5,626)</b>	<b>292,854</b>	<b>(16,066)</b>	<b>644,663</b>
<b>Fund cash balances January 1, 1998</b>	<b>306,879</b>	<b>80,838</b>	<b>11,001</b>	<b>696,637</b>	<b>18,364</b>	<b>1,113,719</b>
<b>Fund cash balances, December 31, 1998</b>	<b>\$670,353</b>	<b>\$90,865</b>	<b>\$5,375</b>	<b>\$989,491</b>	<b>\$2,298</b>	<b>\$1,758,382</b>
<b>Reserve for encumbrances, December 31, 1998</b>	<b>\$193,273</b>	<b>\$11,184</b>	<b>\$0</b>	<b>\$28,878</b>	<b>\$0</b>	<b>\$233,335</b>

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

**VILLAGE OF BLUFFTON  
ALLEN COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Enterprise	Non- Expendable Trust	Total (Memorandum Only)
<b>Operating cash receipts:</b>			
Charges for services	\$910,032	\$0	\$910,032
Total operating cash receipts	910,032	0	910,032
<b>Operating cash disbursements:</b>			
Personal services	226,146	0	226,146
Contractual services	233,828	0	233,828
Supplies and materials	96,071	81	96,152
Capital outlay	399,138	0	399,138
Total operating cash disbursements	955,183	81	955,264
Operating income/(loss)	(45,151)	(81)	(45,232)
<b>Non-operating cash receipts:</b>			
Sale of Notes	300,000	0	300,000
Miscellaneous	12,304	0	12,304
Total non-operating cash receipts	312,304	0	312,304
<b>Non-operating cash disbursements:</b>			
Redemption of Principal	559,438	0	559,438
Interest	84,696	0	84,696
Total non-operating cash disbursements	644,134	0	644,134
Excess of receipts over/(under) disbursements before interfund transfers and advances	(376,981)	(81)	(377,062)
Transfers-in	385,975	0	385,975
Transfers-out	(140,975)	0	(140,975)
Net receipts over/(under) disbursements	(131,981)	(81)	(132,062)
Fund cash balances, January 1, 1998	587,539	1,949	589,488
Fund cash balances, December 31, 1998	\$455,558	\$1,868	\$457,426
Reserve for encumbrances, December 31, 1998	\$30,010	\$0	\$30,010

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

**VILLAGE OF BLUFFTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 1999 and 1998**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

The Village of Bluffton, Allen County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water, sewer, and electric utilities, park operations (leisure time activities), and police services.

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

**B. BASIS OF ACCOUNTING**

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

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

**C. CASH AND INVESTMENTS**

Certificates of deposit are valued at cost. Investments are restricted by provisions of the Ohio Revised Code. Under Ohio Revised Code Chapter 135, the village may invest in obligations of the U.S. Treasury, agencies, and instrumentalities; bonds, notes, debentures, or other obligations or securities issued by any federal government agency, repurchase agreements, and the State Treasurer's pool. The repurchase agreement held by the village is stated at fair value.

**D. FUND ACCOUNTING**

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

**Governmental Funds**

**General Fund** - The general fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**VILLAGE OF BLUFFTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 1999 and 1998**

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

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

Park and Recreation Fund - This fund receives grants and income tax receipts to fund operations of the park.

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

Sewer Capital Improvement Fund - Receives proceeds of an Issue II grant. The proceeds are being used to improve the sanitary sewer building.

Swimming Pool Improvement Fund - Receives income tax moneys to build and maintain the swimming pool.

Debt Service Funds - The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness.

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

Water Fund - Receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - Receives charges for services from residents to cover the cost of providing this utility.

Sewer Mortgage Debt Service Fund - Receives bond and note proceeds to fund a utility plant expansion.

Proprietary Funds

Fiduciary Funds (Trust and Agency Funds) - Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable

**VILLAGE OF BLUFFTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 1999 and 1998**

trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds.

Income Tax Fund - Income tax revenues are collected into this fund and distributed by ordinance to the General, Street Repair, Park, Fire and Rescue, and Swimming Pool Improvement Funds. This fund was eliminated in 1999.

**E. BUDGETARY PROCESS**

The Ohio Revised Code requires that each fund be budgeted annually.

**Appropriations:**

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

**Estimated Resources:**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**Encumbrances:**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 1999 and 1998 budgetary activities appears in Note 3.

**F. PROPERTY, PLANT, AND EQUIPMENT**

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

**G. UNPAID VACATION AND SICK LEAVE**

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

**VILLAGE OF BLUFFTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Years Ended December 31, 1999 and 1998

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 2,369,986	\$ 2,083,238
Certificates of deposit	<u>1,792</u>	<u>1,792</u>
Total deposits	<u>2,371,778</u>	<u>2,099,503</u>
Money Market Fund (Bond Reserve Fund)	- 0 -	120,058
Special Assessment	<u>8,040</u>	<u>10,720</u>
Total investments	<u>8,040</u>	<u>130,778</u>
Total deposits and investments	<u>\$ 2,379,818</u>	<u>\$ 2,215,808</u>

Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

Investments are also categorized according to the level of risk assumed by the village. Category 1 includes investments that are insured or registered, or securities held by the village or its agent in the village's name. Category 2 includes uninsured and unregistered investments held by the counterparty's trust department or agent in the village's name. Category 3 includes uninsured and unregistered investments held by the counterparty, or by its trust department or agent, but not in the village name. Unlike village deposits, depository agreements with the institutions holding investments are not required.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 was as follows:

Fund Type	1999 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,917,221	\$ 2,214,924	\$ 297,703
Special Revenue	337,273	324,546	(12,728)
Debt Service	121,850	121,763	(87)
Capital Projects	2,634,466	2,357,035	(277,431)
Enterprise	<u>3,289,282</u>	<u>3,741,784</u>	<u>452,503</u>
Total	<u>\$8,300,092</u>	<u>\$8,760,052</u>	<u>\$ 459,960</u>

**VILLAGE OF BLUFFTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Years Ended December 31, 1999 and 1998

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,500,708	\$ 2,201,392	\$ 299,316
Special Revenue	378,481	354,581	23,900
Debt Service	121,900	121,737	163
Capital Project	3,199,990	2,542,343	657,647
Enterprise	4,163,943	4,025,440	138,503
Expendable Trust	2,019	2,021	(2)
Non-expendable	105	0	105
Total	<u>\$ 10,367,146</u>	<u>\$ 9,247,514</u>	<u>\$ 1,119,632</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,723,842	\$ 1,761,573	\$ 37,733
Special Revenue	264,694	259,276	(5,417)
Debt Service	122,450	123,020	570
Capital Projects	470,402	512,632	42,230
Enterprise	1,632,242	1,296,007	(336,235)
Expendable	1,358,746	1,360,007	1,261
Non-expendable	1	- 0 -	(1)
Total	<u>\$ 5,562,377</u>	<u>\$ 5,312,515</u>	<u>\$ (249,862)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,637,077	\$ 1,591,372	\$ 45,705
Special Revenue	338,031	260,433	77,598
Debt Service	128,798	128,646	152
Capital Projects	766,910	248,656	518,254
Enterprise	1,807,562	1,770,302	37,260
Expendable Trust	1,376,073	1,376,073	- 0 -
Non-expendable Trusts	150	81	69
Total	<u>\$ 6,054,601</u>	<u>\$ 5,375,563</u>	<u>\$ 679,038</u>

**VILLAGE OF BLUFFTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Years Ended December 31, 1999 and 1998

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation.

Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

**5. DEBT**

Debt activity over the past two years was as follows:

	Principal Balance 12/31/97	Debt Issued	Debt Redeemed	Principal Balance 12/31/99
Sewer Mortgage Rev. (6 - 7.25%)	\$ 895,000	\$ 0	\$ 895,000	\$ 0
Swimming Pool General Obligation Bonds (3.5 - 5.9%)	475,000	0	175,000	300,000
General Obligation Bonds (3.5 - 5.9%)	240,000	0	60,000	180,000
General Obligation Bonds (0%)	0	500,000	0	500,000
Sewer General Obligation Notes (4.35%)	500,000	300,000	800,000	0
Water General Obligation Notes (4.45%)	0	3,590,000	1,795,000	1,795,000
Special Assessment (7 - 9.25%)	15,400	0	7,360	8,040
Issue II Loan (0%)	37,758	0	18,880	18,878
<b>Total</b>	<b>\$ 2,163,158</b>	<b>\$ 4,390,000</b>	<b>\$ 3,751,240</b>	<b>\$ 2,801,918</b>

The Issue II loan was granted by the Ohio Public Waterworks Commission to finance sanitary sewer improvements. The interest-free loan will be paid back with monthly sewer charges which are received from residents of the Village.



**VILLAGE OF BLUFFTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 1999 and 1998**

The Issue II loan was granted by the Ohio Public Waterworks Commission to finance sanitary sewer improvements. The interest-free loan will be paid back with monthly sewer charges which are received from residents of the Village.

Proceeds from the general obligation notes were used to finance the construction and equipping of a new municipal swimming facility. The bonds are being repaid with a one-fourth percent income tax voted upon by the residents of the Village.

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

On October 1, 1999, the Village issued \$500,000 of Sewer System Revenue Refunding Bonds, Series 1999 with interest rates from 4.15% to 5.1% to advance refund \$895,000 of Sanitary Sewer Mortgage Revenue Bonds dated August 1, 1989.

The net proceeds after payment of underwriter fees and other issuance costs were combined with reserves held by the village and trustee and were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result the Sanitary Sewer Mortgage Revenue Bonds are considered defeased and the liability for those bonds has been removed from the above debt schedule. At December 31, 1999, \$795,000 of bonds outstanding are considered defeased. The monetary gain for the village was \$239,633 and the economic gain was \$59,481.

Amortization of the above debt is scheduled as follows:

Year ending December 31:	Principal	Interest	Total
2000	\$2,022,120	\$ 132,570	\$ 2,154,690
2001	237,118	38,550	275,668
2002	237,680	27,093	264,773
2003	135,000	14,645	149,645
2004	140,000	8,330	148,330
Subsequent	30,000	1,650	31,650
Total	<u>\$2,801,918</u>	<u>\$ 222,838</u>	<u>\$ 3,024,756</u>

**6. CAPITAL LEASE PAYABLE**

The village has entered into an 8 -year lease with Energy One, Inc. for a fire truck. The lease is for interest at 5.09077% per annum and calls for payments to be made annually for 8 years.

**VILLAGE OF BLUFFTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 1999 and 1998**

Future payments of this lease are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$ 38,105	\$ 18,584	\$ 56,689
2001	40,045	16,644	56,689
2002	42,084	14,006	56,690
2003	44,226	10,212	54,438
Subsequent	154,117	15,951	170,068

**7. LOCAL INCOME TAXES**

This locally levied tax of 1% in 1999 and 1.25% in 1998 is applied to gross salaries, wages and other personal service compensation earned by residents both in and out of Bluffton and to earnings of nonresidents (except certain transients) earned in the Village. It also applies to net income of business organizations operating within Bluffton. The tax receipts are credited to the General Fund and amounted to \$1,427,947 in 1999 and \$1,360,006 in 1998.

**8. RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10 percent of their wages to the PFDPF. The Village contributed an amount equal to 19.5 percent of their wages. PERS members contributed 8.5 percent of their gross salaries. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

**9. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and Omissions
- Vehicles

The Village also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

# **REICHERT & ASSOCIATES, CPA'S**

206 West Hardin Street  
Findlay, Ohio 45840  
419-422-6131

## **Report of Independent Accountants on Compliance and on Internal Control Required by Government Auditing Standards**

Village of Bluffton  
100 East Elm Street  
Bluffton, Ohio 45817-1319

To the Members of the Village Council

We have audited the financial statements of the Village of Bluffton, Allen County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### **Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*. This is described in the accompanying Schedule of Findings as item 1999-1. Also we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 31, 2000.

### **Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted one matter involving the internal control over financial reporting and its operation that we consider to be material weaknesses. This is described in the Schedule of Findings as items 1999-2. We also noted other matters involving the internal control over financial reporting which we have reported to management of the Village in a separate letter dated May 31, 2000.

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

May 31, 2000  
Findlay, Ohio

**REICHERT & ASSOCIATES, CPA'S**  
Certified Public Accountants

VILLAGE OF BLUFFTON  
ALLEN COUNTY, OHIO

SCHEDULE OF FINDINGS  
DECEMBER 31, 1998 AND 1999

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

<b>Finding Number</b>	<b>1999-1</b>
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**Noncompliance**

Ohio Revised Code §5705.41(D) states no subdivision shall make any contract or order any expenditure of money unless the certificate of fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has lawfully appropriated and is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certificates are to be considered null and void.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrance, the Village may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipts of such certificate, if such expenditure is otherwise valid.
- B. Amounts less than one thousand dollars, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The Clerk/Treasurer did not sign certificates prior to expenditure in several of the items tested during the audit period.

<b>Finding Number</b>	<b>1999-2</b>
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**Internal Control - Reportable Condition**

Prior Certification of Funds

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

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

VILLAGE OF BLUFFTON  
ALLEN COUNTY, OHIO

**STATUS OF PRIOR AUDIT'S  
FINDINGS, CITATIONS, AND RECOMMENDATIONS**

<b><u>Material Weakness</u></b>	<b><u>Status</u></b>	<b><u>Explanation if not fully Implemented</u></b>
<u>Certificate of Fiscal Officer</u>	Not Corrected	Village is working to correct
<u>Prior Certification of Funds</u>	Not Corrected	Village is working to correct



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370  
Facsimile 614-466-4490

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.

By: Susan Babbitt

Date: JULY 25, 2000