



VILLAGE OF BLUFFTON  
ALLEN AND HANCOCK COUNTIES

TABLE OF CONTENTS

<b>TITLE</b>	<b>PAGE</b>
SINGLE AUDIT FOR THE YEAR ENDED DECEMBER 31, 2021 .....	1
REGULAR AUDIT FOR THE YEAR ENDED DECEMBER 31, 2020 .....	37

**This page intentionally left blank.**



**VILLAGE OF BLUFFTON  
ALLEN AND HANCOCK COUNTIES**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2021**



VILLAGE OF BLUFFTON  
ALLEN COUNTY  
DECEMBER 31, 2021

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - .....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balance (Regulatory Cash Basis) - Proprietary Fund Type - .....	6
Combined Statement of Additions, Deductions, and Changes in Fund Balance (Regulatory Cash Basis) - Fiduciary Fund Type - .....	7
Notes to the Financial Statements.....	9
Schedule of Expenditures of Federal Awards.....	21
Notes to the Schedule of Expenditures of Federal Awards.....	22
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	23
Independent Auditor's Report on Compliance With Requirements Applicable to The Major Federal Program and on Internal Control Over Compliance Required by Uniform Guidance.....	25
Schedule of Findings.....	29
Prepared by Management:	
Summary Schedule of Prior Audit Findings.....	33
Corrective Action Plan .....	35

**This page intentionally left blank.**



# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

## INDEPENDENT AUDITOR'S REPORT

Village of Bluffton  
Allen and Hancock Counties  
P.O. Box 63  
Bluffton, Ohio 45817

To the Members of Council:

### ***Report on the Audit of the Financial Statements***

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Bluffton, Allen and Hancock Counties, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2021, and the related notes to the financial statements.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2021, or the changes in financial position thereof for the year then ended.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Emphasis of Matter***

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted to opine on the financial statements as a whole.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule is the responsibility of management and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2023, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 9, 2023

**This page intentionally left blank.**

**Village of Bluffton, Ohio**  
*Allen County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2021*

	General	Special Revenue	Debt Service	Capital Projects	Combined Total
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$211,530				\$211,530
Municipal Income Tax	2,116,970				2,116,970
Intergovernmental	161,241	\$526,042		\$1,152,148	1,839,431
Special Assessments	12,179	17,104			29,283
Charges for Services	472,860	22,846		1,520	497,226
Fines, Licenses and Permits	4,211	345			4,556
Earnings on Investments	27,823	3,860			31,683
Miscellaneous	26,896	21,403		12,004	60,303
<i>Total Cash Receipts</i>	<u>3,033,710</u>	<u>591,600</u>	<u>0</u>	<u>1,165,672</u>	<u>4,790,982</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	1,021,309	10,389			1,031,698
Public Health Services	29,772	20,016			49,788
Leisure Time Activities	132,608	16,885			149,493
Community Environment	46,480	10,618			57,098
Transportation	63,024	301,864			364,888
General Government	681,920	0			681,920
Capital Outlay	24,808	1,121,438		1,203,976	2,350,222
<i>Total Cash Disbursements</i>	<u>1,999,921</u>	<u>1,481,210</u>	<u>0</u>	<u>1,203,976</u>	<u>4,685,107</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,033,789</u>	<u>(889,610)</u>	<u>0</u>	<u>(38,304)</u>	<u>105,875</u>
<b>Other Financing Receipts (Disbursements)</b>					
Loans Issued		430,279			430,279
Transfers In		515,715		230,000	745,715
Transfers Out	(1,365,715)				(1,365,715)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,365,715)</u>	<u>945,994</u>	<u>0</u>	<u>230,000</u>	<u>(189,721)</u>
<i>Net Change in Fund Cash Balances</i>	(331,926)	56,384	0	191,696	(83,846)
<i>Fund Cash Balances, January 1</i>	<u>1,767,522</u>	<u>764,224</u>	<u>\$2,729</u>	<u>692,368</u>	<u>3,226,843</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,435,596</u>	<u>\$820,608</u>	<u>\$2,729</u>	<u>\$884,064</u>	<u>\$3,142,997</u>

*See accompanying notes to the basic financial statements*

**Village of Bluffton, Ohio**  
*Allen County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2021*

	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$2,078,956
Miscellaneous	845
	2,079,801
<i>Total Operating Cash Receipts</i>	<i>2,079,801</i>
<b>Operating Cash Disbursements</b>	
Personal Services	179,331
Employee Fringe Benefits	80,633
Contractual Services	1,110,619
Supplies and Materials	231,365
	1,601,948
<i>Total Operating Cash Disbursements</i>	<i>1,601,948</i>
<i>Operating Income (Loss)</i>	<i>477,853</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Property and Other Local Taxes	529,243
Special Assessments	10,812
Loans Issued	202,481
Capital Outlay	(432,224)
Principal Retirement	(750,662)
Interest and Other Fiscal Charges	(294,466)
	(734,816)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(734,816)</i>
<i>Income (Loss) Before Transfers</i>	<i>(256,963)</i>
Transfers In	920,000
Transfers Out	(300,000)
	363,037
<i>Net Change in Fund Cash Balances</i>	<i>363,037</i>
<i>Fund Cash Balances, January 1</i>	<i>510,402</i>
	\$873,439
<i>Fund Cash Balances, December 31</i>	<i>\$873,439</i>

*See accompanying notes to the basic financial statements*

**Village of Bluffton, Ohio**  
*Allen County*  
*Combined Statement of Additions, Deductions*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Fiduciary Fund Type*  
*For the Year Ended December 31, 2021*

---

---

	Private Purpose Trust
<i>Fund Cash Balances, January 1</i>	<u>\$1,851</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,851</u></u>

*See accompanying notes to the basic financial statements*

**This page intentionally left blank.**



**Village of Bluffton, Ohio**  
*Allen & Hancock Counties*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

---

**Note 1 – Reporting Entity**

The Village of Bluffton (the Village), Allen & Hancock Counties, 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. A publicly-elected six-member Council directs the Village. 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**

***Basis of Presentation***

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund types, and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) which are all organized on a fund type basis.

***Fund Accounting***

The Village uses funds 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. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported 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.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

The Park Fund receives grant funds and transfers from the general fund for enhancing, maintaining, and repairing Village parks.

***Debt Service Funds*** – These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had four Debt Service Funds which hold the remaining balances from old debt issues.

**Village of Bluffton, Ohio**  
*Allen & Hancock Counties*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

---

**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

**Airport Improvement Fund** The Airport Improvement fund accounts for and reports proceeds of FAA Grants. The proceeds are restricted for enhancements and improvements to the airport.

**Townhall Improvement Fund** The Townhall Improvement Fund accounts for transfers from the General Fund for improvements and additions to the Town Hall building.

**Police Equipment Replacement Fund** The Police Equipment Replacement Fund receives grant funds and transfers from the General Fund for the purpose of replacing and purchasing new equipment for the Police Department.

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

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

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

**Water/Sewer Improvement Fund** The water/sewer improvement fund accounts for monies derived from the income tax to pay for improvements to the water and sewer infrastructure and its' related debt.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

The Village has no investment trust funds or custodial funds. The Village's private purpose trust funds are for the benefit of certain individuals.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

**Village of Bluffton, Ohio**  
*Allen & Hancock Counties*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

---

***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 and department level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

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

A summary of 2021 budgetary activity appears in Note 3.

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

During 2021, 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, 2021.

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, 2021.

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 2021 were \$27,823.

***Capital Assets***

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**Village of Bluffton, Ohio**  
*Allen & Hancock Counties*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

---

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

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

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

***Restricted*** Fund balance is *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.

***Committed*** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Village of Bluffton, Ohio**  
*Allen & Hancock Counties*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2021 follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,777,495	\$3,033,710	\$256,215
Special Revenue	1,406,724	1,537,594	130,870
Debt Service	7,500	0	(7,500)
Capital Projects	1,335,724	1,395,672	59,948
Enterprise	3,576,084	3,742,337	166,253
Private Purpose Trust	0	0	0
<b>Total</b>	<b>\$9,103,527</b>	<b>\$9,709,313</b>	<b>\$605,786</b>

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,458,242	\$3,408,961	\$49,281
Special Revenue	1,778,864	1,650,275	\$128,589
Debt Service	0	0	\$0
Capital Projects	1,449,613	1,345,282	\$104,331
Enterprise	3,720,059	3,592,893	\$127,166
Private Purpose Trust	0	0	\$0
<b>Total</b>	<b>\$10,406,778</b>	<b>\$9,997,411</b>	<b>\$409,367</b>

**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

***Cash Management Pool:***

Demand deposits	\$2,946,843
Certificates of deposit	1,052,179
Total deposits	<u>3,999,022</u>
Investments	
STAR Ohio	15,815
Total investments	<u>15,815</u>
Total carrying amount of deposits and investments held in the Pool	<u><u>\$4,014,837</u></u>

The Village also held a balance of \$3,450 in petty cash on hand at December 31, 2021.

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the village is holding \$15,481 in unremitted employee payroll withholdings.

**Village of Bluffton, Ohio**  
*Allen & Hancock Counties*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

---

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; [or] collateralized by securities specifically pledged by the financial institution to the Village.

***Investments***

Investments in STAR are not evidenced by securities that exist in physical or book-entry form.

**Note 5 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

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

***Income Taxes***

The Village levies a one and a quarter percent income tax whose proceeds are placed into the General Fund (one percent) and Water/Sewer 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.

**Note 6 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. 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.

**Village of Bluffton, Ohio**  
*Allen & Hancock Counties*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

---

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. OPERS law enforcement members contributed 13 percent of their gross salaries, and the Village contributed an amount equaling 18.1 percent of participants gross salaries. The Village has paid all contributions required through December 31, 2021.

***Ohio Police and Fire Retirement System***

Some Village's certified full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2021.

***Social Security***

Several Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

**Village of Bluffton, Ohio**  
*Allen & Hancock Counties*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

---

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**Note 9 – Debt**

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan (OWDA)	\$3,230,398	1.28% to 5.77%
OPWC	1,248,329	0%
First National Bank	178,549	6.50%
Citizens National Bank (West Side & Sewer Plant)	4,524,730	3.97% & 3.90%
Total	<u>\$9,182,006</u>	

The Ohio Water Development Authority (OWDA) 3207 Water System Improvements loan relates to the construction of two water towers. The loan will be repaid in semiannual installments 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. This loan is paid out of the Water and Sewer Improvement Fund.

The Ohio Water Development Authority (OWDA) 3736 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 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. This loan is paid out of the Water and Sewer Improvement Fund.

The Ohio Water Development Authority (OWDA) 4777 Waterline loan relates to the construction of a new waterline from the Village of Ottawa to the Village of Bluffton. The loan will be repaid in semiannual installments over 20 years. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. This loan is paid out of the Water and Sewer Improvement Fund.

The Ohio Public Works Commission (OPWC) loans relate to construction of new waterlines. These are interest free loans. All OPWC loans are paid out of the Water and Sewer Improvement Fund.

- OPWC Loan CM13N – S Main St. Waterline Replacement has semi-annual payments to be paid back over a term of 20 years.



**Village of Bluffton, Ohio**  
*Allen & Hancock Counties*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

- OPWC Loan CM22C – Elevated Water Storage Tank has semi-annual payments to be paid back over a term of 20 years.
- OPWC Loan CM23W – Jefferson Street Improvement Phase 1 has semi-annual payments to be paid back over a term of 20 years.
- OPWC Loan CM23V – West Elm Street Improvements has semi-annual payments to be paid back over a term of 20 years.
- OPWC Loan CM25P – Lawn, Jackson, Grove Waterline Replacement has semi-annual payments to be paid back over a term of 30 years.
- OPWC Loan CM26I – Main St. Waterline Replacement has semi-annual payments to be paid back over a term of 20 years.
- OPWC Loan CM27R – Garmatter Waterline Replacement has semi-annual payments to be paid back over a term of 30 years.
- OPWC Loan CM32P – Cherry and Mound Waterline Replacement has semi-annual payments to be paid back over a term of 30 years.

The First National Bank loan relates to the construction of waterline replacements. The interest rate for this loan reset to 6.50% in 2019. The loan is paid out of the Water and Sewer Improvement Fund.

The Citizens National Bank loan was obtained for the purpose of refinancing the costs of constructing a new wastewater treatment plant. The loan will be repaid over 15 years. Payments will be remitted on a monthly basis. The interest rate is 3.90% and the loan is paid out of the Water and Sewer Improvement Fund.

The Citizens National Bank West Side Interceptor Loan was obtained during 2016 with an interest rate of 3.968%. Beginning in 2017, the loan will be repaid over 20 years. This loan is paid out of the Water and Sewer Improvement Fund.

The OWDA Jefferson St. Phase II and the OPWC Jefferson St. Phase II loans are for the Jefferson Street Phase II construction project completed in 2021. These loans have semi-annual payments to be paid back over terms of 20 years. The OWDA loan is comprised of two separate loans. One is for 1.28% for \$412,291 and the other one is for 1.5% for \$24,532. The OPWC loan is for \$195,936 with a 0% interest rate. The loans are to be paid out of the Water and Sewer Improvement Fund and the Special Revenue Street Fund.

***Amortization***

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

Year Ending December	OPWC (CM26I) Main St. Waterline			OWDA Loan (3207) Water System			OPWC Loan (CM22C) Water Storage Tank		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2022	\$20,312		\$20,312	\$105,921	\$22,770	\$128,691	\$4,088		\$4,088
2023	20,312		20,312	112,121	18,472	130,593			
2024	20,312		20,312	118,684	13,923	132,607			
2025	20,312		20,312	125,631	9,107	134,738			
2026	20,312		20,312	133,004	3,989	136,993			
2027-2031	30,465		30,465						
Total	\$132,025		\$132,025	\$595,361	\$68,261	\$663,622	\$4,088		\$4,088

**Village of Bluffton, Ohio**  
*Allen & Hancock Counties*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

Year Ending December	OWDA Loan (3736) Wastewater System			First National Loan Jackson Waterline			Citizens National Loan Sewer Plant		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2022	\$23,399	\$14,405	\$37,804	\$17,362	\$9,753	\$27,115	\$188,984	\$71,072	\$260,056
2023	24,497	13,458	37,955	19,690	7,425	27,115	196,482	63,574	260,056
2024	25,647	12,467	38,114	20,581	6,534	27,115	204,113	55,943	260,056
2025	26,851	11,429	38,280	21,593	5,522	27,115	212,375	47,681	260,056
2026	28,111	10,343	38,454	22,636	4,479	27,115	220,800	39,255	260,055
2027-2031	161,631	33,545	195,176	76,687	6,664	83,351	887,230	66,373	953,603
2032-2036	75,772	3,832	79,604						
Total	\$365,908	\$99,479	\$465,387	\$178,549	\$40,377	\$218,926	\$1,909,984	\$343,898	\$2,253,882

Year Ending December	OWDA Loan (4777) Ottawa Waterline			OPWC Loan (CM13N) South Main Waterline			OPWC Loan (CM32P) Cherry & Mound Waterline		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2022	\$240,806	\$48,744	\$289,550	\$5,301	\$	\$5,301	\$8,604	\$	\$8,604
2023	247,473	42,076	289,549	5,301		5,301	8,604		8,604
2024	254,326	35,224	289,550	5,301		5,301	8,604		8,604
2025	261,368	28,182	289,550	5,301		5,301	8,604		8,604
2026	268,605	20,945	289,550	5,301		5,301	8,604		8,604
2027-2031	559,728	19,372	579,100	26,504		26,504	43,021		43,021
2032-2036				7,950		7,950	43,021		43,021
2037-2041							43,021		43,021
2042-2046							17,210		17,210
Total	\$1,832,306	\$194,543	\$2,026,849	\$60,959	\$	\$60,959	\$189,293	\$	\$189,293

Year Ending December	OPWC Loan (CM25P) Lawn, Jackson, Grove Waterline Replacement			OPWC Loan (CM27R) Garmatter Waterline			OPWC Loan (CM23V) West Elm St. Improvements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2022	\$9,831		\$9,831	\$2,888		\$2,888	\$14,906		\$14,906
2023	9,831		9,831	2,888		2,888	14,906		14,906
2024	9,831		9,831	2,888		2,888	14,906		14,906
2025	9,831		9,831	2,888		2,888	14,906		14,906
2026	9,831		9,831	2,888		2,888	14,906		14,906
2027-2031	49,153		49,153	14,442		14,442	74,531		74,531
2032-2036	49,153		49,153	14,442		14,442	74,531		74,531
2037-2041	49,153		49,153	14,442		14,442	59,624		59,624
2042-2046	19,659		19,659	13,000		13,000			
Total	\$216,273		\$216,273	\$70,766		\$70,766	\$283,216		\$283,216

Year Ending December	OPWC Loan (CM23W) Jefferson St. Phase I			OWDA Loan (9182) Jefferson St. Phase II			OPWC Loan (CM25P) Jefferson St. Phase II		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2022	\$5,041		\$5,041	\$9,605	\$2,823	\$12,428	\$4,898		\$4,898
2023	5,041		5,041	19,397	5,459	24,856	9,797		9,797
2024	5,041		5,041	19,648	5,207	24,855	9,797		9,797
2025	5,041		5,041	19,903	4,953	24,856	9,797		9,797
2026	5,041		5,041	20,161	4,695	24,856	9,797		9,797
2027-2031	25,203		25,203	104,794	19,484	124,278	48,984		48,984
2032-2036	25,203		25,203	111,766	12,512	124,278	48,984		48,984
2037-2041	20,162		20,162	119,202	5,076	124,278	48,984		48,984
2042-2046				12,347	79	12,426	4,898		4,898
Total	\$95,773		\$95,773	\$436,823	\$60,288	\$497,111	\$195,936		\$195,936

**Village of Bluffton, Ohio**  
*Allen & Hancock Counties*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

Year Ending December	Citizens National Loan West Side Interceptor		
	Principal	Interest	Total
2022	\$124,720	\$101,495	\$226,215
2023	129,760	96,455	226,215
2024	134,742	91,473	226,215
2025	140,449	85,766	226,215
2026	146,124	80,091	226,215
2027-2031	823,890	307,185	1,131,075
2032-2036	1,004,411	126,664	1,131,075
2037-2041	110,650	1,270	111,920
2042-2046			
<b>Total</b>	<b>\$2,614,716</b>	<b>\$890,399</b>	<b>\$3,505,145</b>

**Note 10 – Contingent Liabilities**

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village's financial condition.

**Note 11 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Nonspendable:					
Unclaimed Monies	\$225				\$225
Outstanding Encumbrances	<u>43,325</u>	<u>\$169,065</u>	<u>\$0</u>	<u>\$141,306</u>	<u>353,696</u>
<i>Total</i>	<u><u>\$43,550</u></u>	<u><u>\$169,065</u></u>	<u><u>\$0</u></u>	<u><u>\$141,306</u></u>	<u><u>\$353,921</u></u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service, and capital projects would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Village of Bluffton, Ohio**  
*Allen & Hancock Counties*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

---

**Note 12 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2021, the Village received \$213,797 from the Local Fiscal Recovery Fund. These amounts are recorded in the applicable Special Revenue Fund.

**VILLAGE OF BLUFFTON  
ALLEN AND HANCOCK COUNTIES**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

<b>Federal Grantor Pass Through Grantor Program / Cluster Title</b>	<b>Federal AL Number</b>	<b>Total Federal Expenditures</b>
<b>FEDERAL AVIATION ADMINISTRATION</b>		
<i>Direct Award</i>		
Airport Improvement Program	20.106	\$ 1,048,496
COVID-19 Airport Improvement Program	20.106	23,000
<b>Total Expenditures of Federal Awards</b>		<b>\$ 1,071,496</b>

*The accompanying notes are an integral part of this schedule.*

**VILLAGE OF BLUFFTON  
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Village of Bluffton under programs of the federal government for the year ended December 31, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the fund balance or changes in fund balance of the Village of Bluffton.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The Village has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require the Village of Bluffton to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Village has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Bluffton  
Allen and Hancock Counties  
P.O. Box 63  
Bluffton, Ohio 45817

To the Members of Council:

We have audited, in accordance the with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2021 and the related notes to the financial statements of the Village of Bluffton, Allen and Hancock Counties, (the Village) and have issued our report thereon dated March 9, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2021-001 and 2021-002 that we consider to be material weaknesses.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed and instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2021-002.

***Village's Response to Findings***

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the finding identified in our audit and described in the accompanying schedule of findings and corrective action plan. The Village's response were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

***Purpose of this Report***

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 9, 2023



# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Village of Bluffton  
Allen and Hancock Counties  
P.O. Box 63  
Bluffton, Ohio 45817

To the Members of Council:

### Report on Compliance for the Major Federal Program

#### *Opinion on the Major Federal Program*

We have audited the Village of Bluffton's, Allen and Hancock Counties, (the Village) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Village's major federal program for the year ended December 31, 2021. The Village's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the Village complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

#### *Basis for Opinion on the Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Village's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

The Village's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Village's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Village's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Village's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Village's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Village's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 9, 2023

**This page intentionally left blank.**

**VILLAGE OF BLUFFTON  
ALLEN AND HANCOCK COUNTIES**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2021**

agg

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
--

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Airport Improvement Program
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

**FINDING NUMBER 2021-001**

**Material Weakness – Accuracy of Financing Reporting**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Possibly due to the lack of controls over financial reporting, the following errors were identified in the financial statements:

- The balances of the following funds were classified as Special Revenue funds: Unclaimed Monies (\$225), Community Events (\$5,881), Communications (\$6,960), and Utility Recovery (\$1,956). GASB Codification 1300.105 and Governmental Accounting Standards Board Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, paragraph 30, states that Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term proceeds of specific revenue sources establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. There was no evidence to support that the balances of these funds were derived from a specific revenue source. Therefore, these funds should be rolled into the general fund for financial reporting;
- Special Revenue Street Construction Maintenance and Repair (SCMR) Fund grant receipts in the amount of \$36,000 for Phase II of the Jefferson Street project were recorded as loan proceeds instead of intergovernmental revenue; and
- Ohio Water Development Authority (OWDA) fees and capitalized interest in the amount of \$4,663 for OWDA Loan #9182 were not recorded in the Street Construction and Maintenance Repair Fund.

The notes to the financial statements also had errors such as, but not limited to, the disclosures for deposits and investments and for debt.

The accompany financial statements, and where necessary the accounting records, have been adjusted to correct these errors.

Financial statement reporting errors may impact a user's understanding of the financial operations, the ability to make sound financial decisions, the ability to comply with budgetary laws, and may result in the material misstatement of the financial statements. Inaccurate note disclosures pose the risk of misleading the readers of the annual financial report.

**FINDING NUMBER 2021-001  
(Continued)**

To help ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt controls and/or procedures to identify and correct errors and omissions. Resources such as the Ohio Village Handbook, the Uniform Accounting Network (UAN) Manual, and the village financial statement and note shells on the Auditor of State web-site can be utilized when recording transactions and preparing the annual financial statements. Additionally, Council or the finance committee should perform periodic reviews of the receipt and disbursement ledgers to help identify errors and/or irregularities. Prior to filing, a secondary review of the financial statements and notes to the financial statements should be performed to verify that all amounts are accurate and agree to supporting documentation.

**OFFICIALS' RESPONSE:** Financial statement worksheets have been updated to properly record the Unclaimed Monies , Community Events , Communications, and Utility Recovery Funds as General Funds in the Financial Statements and to record the trusts held for maintenance of family grave sites as Fiduciary fund type as a private purpose trust. These changes were made for the reporting of the 2022 financial statements. The Ohio Village handbook and Auditor of State resources will be used for proper reporting of grant receipts and capitalized interest and fees.

**FINDING NUMBER 2021-002**

**Noncompliance / Material Weakness**

**Ohio Rev. Code § 5705.15** states that in addition to transfers authorized by **§ 5705.14**, the taxing authority of any political subdivision may, in the manner provided for in this section and in **§ 5705.16**, transfer from one fund to another any public funds under its supervision by passing a resolution from a majority of the board and obtaining the approval of the Tax Commissioner and the Court of Common Pleas.

In 2021, the Village approved Resolution 23-21 to Transfer \$105,000 from the Special Revenue Park Fund to the Enterprise Water/Sewer Improvement Fund. This transfer did not meet the definition of an allowable Transfer as outlined in **Ohio Rev. Code § 5705.14 - 5705.16**. The Village stated this transfer was made to correct a previous transfer approved in Resolution 11-21 which resulted in \$209,000 being transferred from the General Fund to Special Revenue Park Fund. Part of this transfer, \$105,000 should have been transferred to the Enterprise Water/Sewer Improvement Fund rather than the Special Revenue Park Fund. Since the source of the funds transferred from the Special Revenue Park Fund to the Enterprise Water/Sewer Improvement Fund were from the General Fund, it was not necessary for the Village to adjust its accounting records.

The financial statements have been adjusted to remove the transfer-in and transfer-out of \$105,000 from the Special Revenue Park Fund. This adjustment has no impact on fund balances.

To correct an error in the recording of transfers and to avoid the appearance of noncompliance, the transfer should be reversed to move the money back to the original fund and then correctly record the transfer to agree to the amount approved by Council. In addition, if Council's intention is to correct a previous transfer it approved, the approval of the correction should be documented in the new resolution rather than approving a transfer which is not permitted by the Ohio Revised Code.

**FINDING NUMBER 2021-002**  
**(Continued)**

**OFFICIALS' RESPONSE:** Any future recording errors of transfers will be reversed to the original fund and the correct transfer made in order to comply with **Ohio Rev. Code § 5705.14 - 5705.16.**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
--

None





# VILLAGE OF BLUFFTON

154 N. MAIN STREET \* P.O. BOX 63 \* BLUFFTON, OHIO 45817-0063  
(419) 358-2066 \* FAX (419) 358-8137

RICH JOHNSON, Mayor  
JESSE BLACKBURN, Village Administrator

KEVIN NICKEL, Fiscal Officer  
BRYAN LLOYD, Assistant Administrator

[www.bluffton-ohio.com](http://www.bluffton-ohio.com)

---

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR 200.511(b) FOR THE YEAR ENDED DECEMBER 31, 2021

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2020-001	Accuracy of Financing Reporting	Not Corrected	Repeated as Finding 2021-001 which was corrected during with the filing of 2022 financial statements.
2020-002	Bank to Book Reconciliation	Corrective Action Taken and Finding is Fully Corrected	Corrected errors during the audit.

**This page intentionally left blank.**



# VILLAGE OF BLUFFTON

154 N. MAIN STREET \* P.O. BOX 63 \* BLUFFTON, OHIO 45817-0063  
(419) 358-2066 \* FAX (419) 358-8137

RICH JOHNSON, Mayor  
JESSE BLACKBURN, Village Administrator

KEVIN NICKEL, Fiscal Officer  
BRYAN LLOYD, Assistant Administrator

[www.bluffton-ohio.com](http://www.bluffton-ohio.com)

---

## CORRECTIVE ACTION PLAN

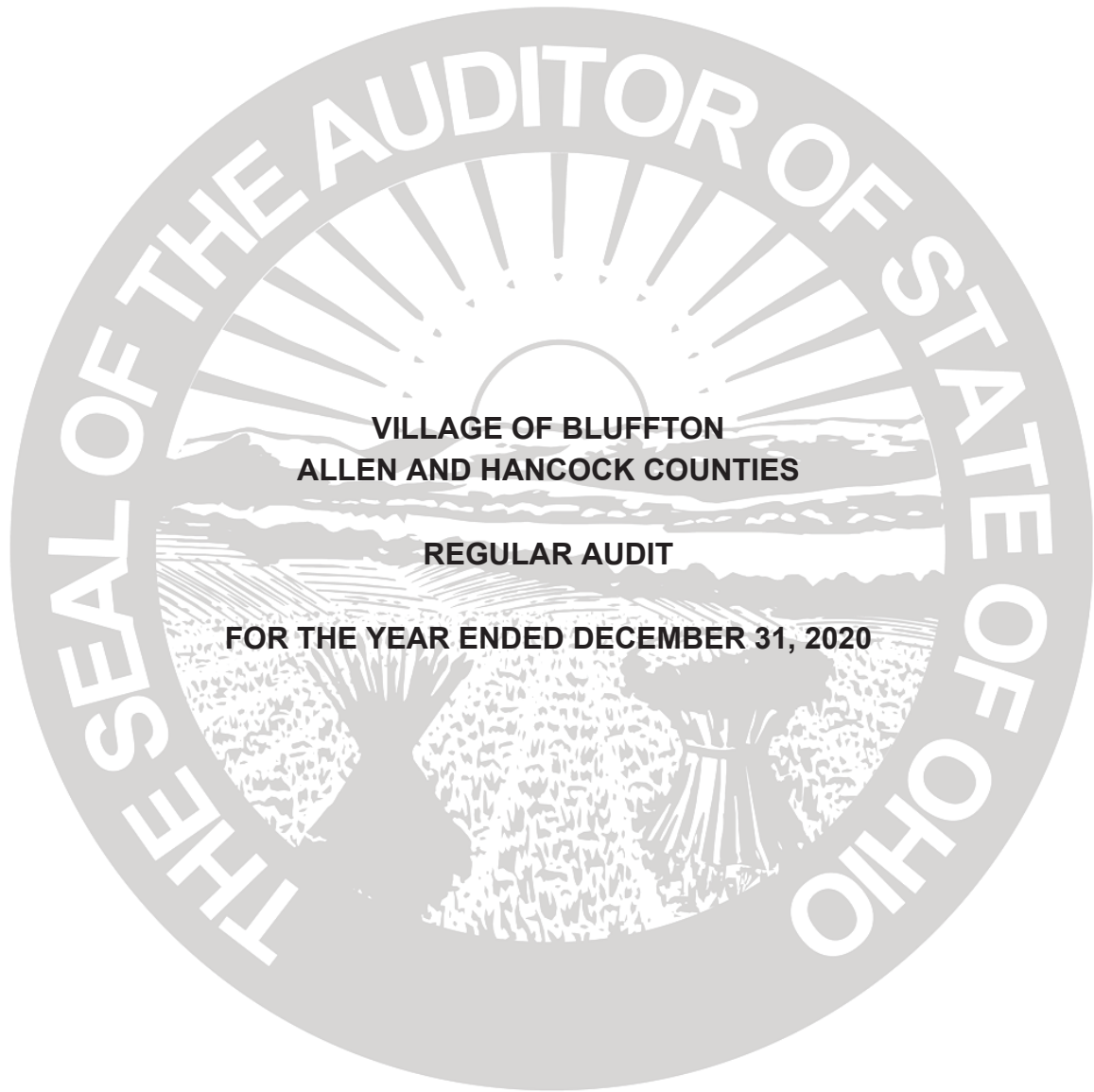
2 CFR § 200.511(c)

December 31, 2021

**Finding Number:** 2021-001  
**Planned Corrective Action:** Fund balances in four funds were recorded as special revenue and the balance in two additional funds was recorded as permanent instead of private purpose trust funds in the fiduciary fund type. Financial shell workpapers have been updated to reflect the proper reporting for these funds and the correct reporting was reflected on the 2022 financial statements. The Ohio Village Handbook and the Auditor of State website and shell financial statements and notes will be referenced for proper reporting of grant receipts and capitalized interest.  
**Anticipated Completion Date:** 03/01/2023  
**Responsible Contact Person:** Kevin Nickel, Fiscal Officer

**Finding Number:** 2021-002  
**Planned Corrective Action:** The improper transfer of \$105,000 from the Special Revenue Park Fund to the Enterprise Water/Sewer Improvement Fund was discovered during the audit. This transfer was a result of a larger transfer from the General Fund to the Park Fund and the \$105,000 should have gone to the Water/Sewer Improvement Fund rather than the Park Fund. The financial statements were adjusted to remove the transfer-in and transfer-out of \$105,000 from the Special Revenue Park Fund and any future errors in the recording of transfers will show the money being returned to the original fund and then correctly transferred as approved by Council.  
**Anticipated Completion Date:** 12/31/2021  
**Responsible Contact Person:** Kevin Nickel, Fiscal Officer

**This page intentionally left blank.**



**VILLAGE OF BLUFFTON  
ALLEN AND HANCOCK COUNTIES**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2020**



VILLAGE OF BLUFFTON  
ALLEN AND HANCOCK COUNTIES  
DECEMBER 31, 2020

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	37
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types .....	41
Combined Statement of Receipts, Disbursements, and Changes in Fund Balance (Regulatory Cash Basis) - Proprietary Fund Type .....	42
Combined Statement of Additions, Deductions, and Changes in Fund Balance (Regulatory Cash Basis) - Fiduciary Fund Type .....	43
Notes to the Financial Statements .....	45
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	57
Schedule of Findings.....	59
Prepared by Management:	
Summary Schedule of Prior Audit Findings .....	63

**This page intentionally left blank.**



# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

## INDEPENDENT AUDITOR'S REPORT

Village of Bluffton  
Allen and Hancock Counties  
P.O. Box 63  
Bluffton, Ohio 45817

To the Members of Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and related notes of the Village of Bluffton, Allen and Hancock Counties, Ohio (the Village).

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2020, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type, and related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matters***

As discussed in Note 3 to the financial statements, the Village has changed the classification of its trust funds from a governmental permanent fund type to a fiduciary private purpose trust fund type.

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2023, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 9, 2023

**This page intentionally left blank.**

**Village of Bluffton, Ohio**  
*Allen and Hancock Counties*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
**For the Year Ended December 31, 2020**

	General	Special Revenue	Debt Service	Capital Projects	Combined Total
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$217,651				\$217,651
Municipal Income Tax	2,020,777				2,020,777
Intergovernmental	152,737	\$244,459		\$30,880	428,076
Special Assessments	2,125	29,004			31,129
Charges for Services	265,304	27,680			292,984
Fines, Licenses and Permits	3,440	157			3,597
Earnings on Investments	51,927	7,084			59,011
Miscellaneous	162,910	1,455			164,365
<i>Total Cash Receipts</i>	<u>2,876,871</u>	<u>309,839</u>	<u>0</u>	<u>30,880</u>	<u>3,217,590</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	987,676	4,842			992,518
Public Health Services	13,087	22,526			35,613
Leisure Time Activities	104,898	30,359			135,257
Community Environment		6,147			6,147
Transportation	61,122	270,846		1,100	333,068
General Government	701,912				701,912
Capital Outlay	4,928	244,541		227,033	476,502
<i>Total Cash Disbursements</i>	<u>1,873,623</u>	<u>579,261</u>	<u>0</u>	<u>228,133</u>	<u>2,681,017</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,003,248</u>	<u>(269,422)</u>	<u>0</u>	<u>(197,253)</u>	<u>536,573</u>
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In		233,500		230,000	463,500
Transfers Out	(1,107,500)				(1,107,500)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,107,500)</u>	<u>233,500</u>	<u>0</u>	<u>230,000</u>	<u>(644,000)</u>
<i>Net Change in Fund Cash Balances</i>	(104,252)	(35,922)	0	32,747	(107,427)
<i>Fund Cash Balances, January 1</i>	<u>1,871,774</u>	<u>800,146</u>	<u>\$2,729</u>	<u>659,621</u>	<u>3,334,270</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,767,522</u>	<u>\$764,224</u>	<u>\$2,729</u>	<u>\$692,368</u>	<u>\$3,226,843</u>

*See accompanying notes to the basic financial statements*

**Village of Bluffton, Ohio**  
*Allen and Hancock Counties*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2020*

	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$1,970,102
Miscellaneous	4,666
	1,974,768
<b>Operating Cash Disbursements</b>	
Personal Services	252,633
Employee Fringe Benefits	104,593
Contractual Services	957,472
Supplies and Materials	255,940
	1,570,638
<i>Operating Income (Loss)</i>	404,130
<b>Non-Operating Receipts (Disbursements)</b>	
Property and Other Local Taxes	505,194
Special Assessments	33,916
Capital Outlay	(528,317)
Principal Retirement	(677,424)
Interest and Other Fiscal Charges	(318,366)
	(984,997)
<i>Income (Loss) before Transfers</i>	(580,867)
Transfers In	944,000
Transfers Out	(300,000)
	63,133
<i>Net Change in Fund Cash Balances</i>	63,133
<i>Fund Cash Balances, January 1</i>	447,269
<i>Fund Cash Balances, December 31</i>	\$510,402

*See accompanying notes to the basic financial statements*

**Village of Bluffton, Ohio**  
*Allen and Hancock Counties*  
*Combined Statement of Additions, Deductions*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Fiduciary Fund Type*  
*For the Year Ended December 31, 2020*

---

---

	Private Purpose Trust
<i>Fund Cash Balances, January 1</i>	<u>\$1,851</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,851</u></u>

*See accompanying notes to the basic financial statements*

**This page intentionally left blank.**



**Village of Bluffton, Ohio**  
*Allen & Hancock Counties*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

**Note 1 – Reporting Entity**

The Village of Bluffton (the Village), Allen & Hancock Counties, 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. A publicly-elected six-member Council directs the Village. 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**

***Basis of Presentation***

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type, and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

***Fund Accounting***

The Village uses funds 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. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported 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.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

The Park Fund receives grant funds and transfers from the general fund for enhancing, maintaining, and repairing Village parks.

***Debt Service Funds*** – These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had four Debt Service Funds which hold the remaining balances from old debt issues.

**Village of Bluffton, Ohio**  
*Allen & Hancock Counties*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

**Airport Improvement Fund** The Airport Improvement fund accounts for and reports proceeds of FAA Grants. The proceeds are restricted for enhancements and improvements to the airport.

**Townhall Improvement Fund** The Townhall Improvement Fund accounts for transfers from the General Fund for improvements and additions to the Town Hall building.

**Police Equipment Replacement Fund** The Police Equipment Replacement Fund receives grant funds and transfers from the General Fund for the purpose of replacing and purchasing new equipment for the Police Department.

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

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

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

**Water/Sewer Improvement Fund** The water/sewer improvement fund accounts for monies derived from the income tax to pay for improvements to the water and sewer infrastructure and its' related debt.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

The Village has no investment trust funds or custodial funds. The Village's private purpose trust funds are for the benefit of certain individuals.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

**Village of Bluffton, Ohio**  
*Allen & Hancock Counties*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

***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 and department level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

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

A summary of 2020 budgetary activity appears in Note 4.

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

During 2020, 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, 2020.

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, 2020.

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 2020 were \$51,927.

***Capital Assets***

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**Village of Bluffton, Ohio**  
*Allen & Hancock Counties*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

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

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

***Restricted*** Fund balance is *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.

***Committed*** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

**Note 3 – Restatement of Fund Balances**

The Village reviewed its permanent funds and they will be reported in the new fiduciary classification of private-purpose trust funds. These fund reclassifications resulted in the restatement of the Village's financial statements.

**Village of Bluffton, Ohio**  
*Allen & Hancock Counties*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

	Governmental Fund Type	Fiduciary Fund Type
	Permanent	Private-Purpose Trust
Fund cash balance		
previously reported December 31, 2019	\$ 1,851	
Restatement	(1,851)	\$ 1,851
Restated fund cash balance		
at December 31, 2019	\$ -	\$ 1,851

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending 2020 follows:

	Budgeted	Actual	
Fund Type	Receipts	Receipts	Variance
General	\$2,974,671	\$2,876,871	(\$97,800)
Special Revenue	1,410,044	543,339	(866,705)
Debt Service	7,500	0	(7,500)
Capital Projects	329,244	260,880	(68,364)
Enterprise	3,583,466	3,457,878	(125,588)
Private Purpose Trust	0	0	0
Total	\$8,304,925	\$7,138,968	(\$1,165,957)

	Appropriation	Budgetary	
Fund Type	Authority	Expenditures	Variance
General	\$3,749,476	\$3,011,674	\$737,802
Special Revenue	1,888,798	927,353	\$961,445
Debt Service	0	0	\$0
Capital Projects	504,771	331,526	\$173,245
Enterprise	3,933,243	3,487,536	\$445,707
Private Purpose Trust	0	0	\$0
Total	\$10,076,288	\$7,758,089	\$2,318,199

**Note 5 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

**Village of Bluffton, Ohio**  
*Allen & Hancock Counties*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

Demand deposits	\$2,652,265
Certificates of deposit	1,067,579
Total deposits	3,719,844
Investments	
STAR Ohio	15,802
Total investments	15,802
Total carrying amount of deposits and investments held in the Pool	\$3,735,646

The Village also held a balance of \$3,450 in petty cash on hand at December 31, 2020.

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the village is holding \$18,972 in unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

***Investments***

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**Note 6 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

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

***Income Taxes***

The Village levies a one and a quarter percent income tax whose proceeds are placed into the General Fund (one percent) and Water/Sewer 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.

**Village of Bluffton, Ohio**  
*Allen & Hancock Counties*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

**Note 7 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. 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.

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. OPERS law enforcement employees contributed 13% percent of their gross salaries, and the Village contributed an amount equaling 18.1 percent of participants gross salaries. The Village has paid all contributions required through December 31, 2020.

***Ohio Police and Fire Retirement System***

The Village's certified full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

**Village of Bluffton, Ohio**  
*Allen & Hancock Counties*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

***Social Security***

Several Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

**Note 9 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**Note 10 – Debt**

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan (OWDA)	\$3,150,306	2.75-5.77%
OPWC	1,127,453	0%
First National Bank	195,759	6.50%
Citizens National Bank (West Side & Sewer Plant)	4,826,356	3.97% & 3.90%
Total	<u>\$9,299,874</u>	

The Ohio Water Development Authority (OWDA) 3207 Water System Improvements loan relates to the construction of two water towers. The loan will be repaid in semiannual installments 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. This loan is paid out of the Water and Sewer Improvement Fund.

The Ohio Water Development Authority (OWDA) 3736 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 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. This loan is paid out of the Water and Sewer Improvement Fund.



**Village of Bluffton, Ohio**  
*Allen & Hancock Counties*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

The Ohio Water Development Authority (OWDA) 4777 Waterline loan relates to the construction of a new waterline from the Village of Ottawa to the Village of Bluffton. The loan will be repaid in semiannual installments over 20 years. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. This loan is paid out of the Water and Sewer Improvement Fund.

The Ohio Public Works Commission (OPWC) loans relate to construction of new waterlines and road reconstruction. These are interest free loans. All OPWC loans are paid out of the Water and Sewer Improvement Fund.

- OPWC Loan CM13N – S Main St. Waterline Replacement has semi-annual payments to be paid back over a term of 20 years.
- OPWC Loan CM22C – Elevated Water Storage Tank has semi-annual payments to be paid back over a term of 20 years.
- OPWC Loan CM23W – Jefferson Street Improvement Phase 1 has semi-annual payments to be paid back over a term of 20 years.
- OPWC Loan CM23V – West Elm Street Improvements has semi-annual payments to be paid back over a term of 20 years.
- OPWC Loan CM25P – Lawn, Jackson, Grove Waterline Replacement has semi-annual payments to be paid back over a term of 30 years.
- OPWC Loan CM26I – Main St. Waterline Replacement has semi-annual payments to be paid back over a term of 20 years.
- OPWC Loan CM27R – Garmatter Waterline Replacement has semi-annual payments to be paid back over a term of 30 years.
- OPWC Loan CM32P – Cherry and Mound Waterline Replacement has semi-annual payments to be paid back over a term of 30 years.

The First National Bank loan relates to the construction of waterline replacements. The interest rate for this loan reset to 6.50% in 2019. The loan is paid out of the Water and Sewer Improvement Fund.

The Citizens National Bank loan was obtained for the purpose of refinancing the costs of constructing a new wastewater treatment plant. The loan will be repaid over 15 years. Payments will be remitted on a monthly basis. The interest rate is 3.90% and the loan is paid out of the Water and Sewer Improvement Fund.

The Citizens National Bank West Side Interceptor Loan was obtained during 2016 with an interest rate of 3.968%. The loan will be repaid over 20 years. This loan is paid out of the Water and Sewer Improvement Fund.

**Village of Bluffton, Ohio**  
*Allen & Hancock Counties*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Amortization**

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

Year Ending December	OPWC (CM26I) Main St. Waterline			OWDA Loan (3207) Water System			OPWC Loan (CM22C) Water Storage Tank		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	\$20,312		\$20,312	\$100,065	\$26,831	\$126,896	\$8,176		\$8,176
2022	20,312		20,312	105,921	22,770	128,691	4,088		4,088
2023	20,312		20,312	112,121	18,472	130,593			
2024	20,312		20,312	118,684	13,923	132,607			
2025	20,312		20,312	125,631	9,107	134,738			
2026-2030	50,777		50,777	133,005	3,989	136,994			
Total	\$152,337		\$152,337	\$695,427	\$95,092	\$790,519	\$12,264		\$12,264

Year Ending December	OWDA Loan (3736) Wastewater System			First National Bank Jackson Waterline			Citizens National Loan Sewer Plant		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	\$22,350	\$15,309	\$37,659	\$17,210	\$12,485	\$29,695	\$181,772	\$78,283	\$260,055
2022	23,399	14,405	37,804	17,362	9,753	27,115	188,984	71,072	260,056
2023	24,497	13,458	37,955	19,690	7,425	27,115	196,482	63,574	260,056
2024	25,647	12,467	38,114	20,581	6,534	27,115	204,113	55,943	260,056
2025	26,851	11,429	38,280	21,593	5,522	27,115	212,375	47,681	260,056
2026-2030	154,384	39,792	194,176	99,323	11,143	110,466	1,108,016	105,629	1,213,645
2031-2035	111,129	7,928	119,057						
Total	\$388,257	\$114,788	\$503,045	\$195,759	\$52,862	\$248,621	\$2,091,742	\$422,182	\$2,513,924

Year Ending December	OWDA Loan (4777) Ottawa Waterline			OPWC Loan (CM13N) South Main Waterline			OPWC Loan (CM32P) Cherry & Mound Waterline		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	\$234,318	\$55,232	\$289,550	\$5,301	\$	\$5,301	\$8,604	\$	\$8,604
2022	240,806	48,744	289,550	5,301		5,301	8,604		8,604
2023	247,473	42,076	289,549	5,301		5,301	8,604		8,604
2024	254,326	35,224	289,550	5,301		5,301	8,604		8,604
2025	261,368	28,182	289,550	5,301		5,301	8,604		8,604
2026-2030	828,331	40,317	868,648	26,505		26,505	43,021		43,021
2031-2035				13,250		13,250	43,021		43,021
2036-2040							43,021		43,021
2041-2045							25,814		25,814
Total	\$2,066,622	\$249,775	\$2,316,397	\$66,260	\$	\$66,260	\$197,897	\$	\$197,897

Year Ending December	OPWC Loan (CM25P) Lawn, Jackson, Grove Waterline Replacement			OPWC Loan (CM27R) Garmatter Waterline			OPWC Loan (CM23V) West Elm St. Improvements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	\$9,831		\$9,831	\$2,888		\$2,888	\$14,906		\$14,906
2022	9,831		9,831	2,888		2,888	14,906		14,906
2023	9,831		9,831	2,888		2,888	14,906		14,906
2024	9,831		9,831	2,888		2,888	14,906		14,906
2025	9,831		9,831	2,888		2,888	14,906		14,906
2026-2030	49,153		49,153	14,442		14,442	74,531		74,531
2031-2035	49,153		49,153	14,442		14,442	74,531		74,531
2036-2040	49,153		49,153	14,442		14,442	74,531		74,531
2041-2045	29,490		29,490	14,442		14,442			
2046-2050				1,446		1,446			
Total	\$226,104		\$226,104	\$73,654		\$73,654	\$298,123		\$298,123

**Village of Bluffton, Ohio**  
*Allen & Hancock Counties*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

Year Ending December	OPWC Loan (CM23W) Jefferson St. Phase 1			Citizens National Bank West Side Interceptor		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$5,041		\$5,041	\$119,876	\$106,339	\$226,215
2022	5,041		5,041	124,720	101,495	226,215
2023	5,041		5,041	129,760	96,455	226,215
2024	5,041		5,041	134,742	91,473	226,215
2025	5,041		5,041	140,449	85,766	226,215
2026-2030	25,203		25,203	791,890	339,185	1,131,075
2031-2035	25,203		25,203	965,431	165,644	1,131,075
2036-2040	25,203		25,203	327,746	10,381	338,127
Total	\$100,814		\$100,814	\$2,734,614	\$996,738	\$3,731,352

**Note 11 – Contingent Liabilities**

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village’s financial condition.

**Note 12 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Debt Service	Capital Projects	Total
Nonspendable:					
Unclaimed Monies	\$225				\$225
Outstanding Encumbrances	30,551	\$348,092	\$0	\$103,393	482,036
<i>Total</i>	<u>\$30,776</u>	<u>\$348,092</u>	<u>\$0</u>	<u>\$103,393</u>	<u>\$482,261</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service, and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 13 – Subsequent Events**

On February 8, 2021, the Village awarded a contract for the Jefferson St. Phase II construction project in the amount of \$813,882.50. To fund this project, the Village has been approved for a 20 year, 1.28% OWDA loan of \$409,643.67 and a 20 year, 0% OPWC loan of up to 29% of the total project costs, not to exceed \$298,183. Both loan amounts are subject to change pending final cost of the project. Loan repayment would begin in 2022.

**Village of Bluffton, Ohio**  
*Allen & Hancock Counties*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

**Note 14 – Change in Accounting Principle**

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) - Fiduciary Fund Type, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

**Note 15 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding either federal or state, cannot be estimated.

# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Bluffton  
Allen and Hancock Counties  
P.O. Box 63  
Bluffton, Ohio 45817

To the Members of Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and related notes of the Village of Bluffton, Allen and Hancock Counties, (the Village) and have issued our report thereon dated March 9, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit and that the Village changed the classification of its trust funds from a governmental permanent fund type to a fiduciary private purpose trust fund type. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

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

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider finding 2020-001 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2020-002 described in the accompanying schedule of findings to be a significant deficiency.

**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 financial statements. However, opining 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*.

**Village's Response to Findings**

The Village's responses to the finding identified in our audit are described in the accompanying schedule of findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**Purpose of this Report**

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 9, 2023

VILLAGE OF BLUFFTON  
ALLEN AND HANCOCK COUNTIES

SCHEDULE OF FINDINGS  
DECEMBER 31, 2020

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

FINDING NUMBER 2020-001

**Material Weakness – Accuracy of Financing Reporting**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Possibly due to the lack of controls over financial reporting, the following errors were identified in the financial statements:

The balances of the following funds were classified as Special Revenue funds: Unclaimed Monies (\$225), Community Events (\$5,881), Communications (\$6,960), and Utility Recovery (\$1,956). GASB Codification 1300.105 and Governmental Accounting Standards Board Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, paragraph 30, states that Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term proceeds of specific revenue sources establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. There was no evidence to support that the balances of these funds were derived from a specific revenue source. Therefore, these funds should be rolled into the general fund for financial reporting.

The Village holds assets in the amount of \$1,851 held in trust for the benefit of individuals (maintenance of family grave sites). This balance was classified in the Governmental Fund Type as Permanent Funds. Since the assets are held in trusts and the Village is not a beneficiary, the balance of the trust funds has been reclassified to the Fiduciary fund type and reported as private purpose trust funds.

GASB Codification Section 1300.108 states that *Permanent funds* should be used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs—that is, for the benefit of the government or its citizenry. Permanent funds do not include private-purpose trust funds (defined in paragraph .114), which should be used to report situations in which the government is required to use the principal or earnings for the benefit of individuals, private organizations, or other governments.

The notes to the financial statements also had errors such as, but not limited to, the disclosures for deposits and investments and for debt.

The accompany financial statements, and where necessary the accounting records, have been adjusted to correct these errors.

Financial statement reporting errors may impact a user's understanding of the financial operations, the ability to make sound financial decisions, the ability to comply with budgetary laws, and may result in the material misstatement of the financial statements. Inaccurate note disclosures pose the risk of misleading the readers of the annual financial report.

**FINDING NUMBER 2020-001  
(Continued)**

To help ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt controls and/or procedures to identify and correct errors and omissions. Resources such as the Ohio Village Handbook, the Uniform Accounting Network (UAN) Manual, and the village financial statement and note shells on the Auditor of State web-site can be utilized when recording transactions and preparing the annual financial statements. Additionally, the finance committee should perform periodic reviews of the receipt and disbursement ledgers to help identify errors and/or irregularities. Prior to filing, a secondary review of the financial statements and notes to the financial statements should be performed to verify that all amounts are accurate and agree to supporting documentation.

**OFFICIALS' RESPONSE:** Financial statement worksheets have been updated to properly record the Unclaimed Monies , Community Events , Communications, and Utility Recovery Funds as General Funds in the Financial Statements and to record the trusts held for maintenance of family grave sites as Fiduciary fund type as a private purpose trust. These changes were made for the reporting of the 2022 financial statements.

**FINDING NUMBER 2020-002**

**Significant Deficiency – Bank to Book Reconciliation Errors**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Finance Committee is responsible for reviewing the reconciliations and related support.

The Fiscal Officer performed monthly reconciliations during 2020 and the reconciliations were presented to the Finance Committee for review. However, the amounts reported as bank balances at December 31, 2020 on the reconciliations were less than the actual bank balances, partially due to errors in the bank reconciliation procedures.

Possibly due to a lack of controls over the recording of transactions and preparing bank to book reconciliations, the following adjustments were necessary and were posted to the financial statements and accounting records in order to reconcile the book balances to the bank balances at December 31, 2020:

- Increase 2020 General Fund miscellaneous receipts and fund balance by \$11,380 to increase the book balance to agree with the bank balance; and
- Decrease 2020 Enterprise Refuse Fund contract services disbursements and increase fund balance by \$23,272 due to duplicate payments to a refuse company being recorded in the accounting records.



**FINDING NUMBER 2020-002**  
**(Continued)**

Reconciliation errors not only may prevent the detection of errors and/or irregularities, but also can result in the Village being declared un-auditable.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected in a timely manner. In addition, the Finance Committee should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

**OFFICIALS' RESPONSE:** Fund balances were adjusted as of January 1, 2023 to bring the book balance in agreement with the bank balance.

**This page intentionally left blank.**



# VILLAGE OF BLUFFTON

154 N. MAIN STREET \* P.O. BOX 63 \* BLUFFTON, OHIO 45817-0063  
 (419) 358-2066 \* FAX (419) 358-8137

RICH JOHNSON, Mayor  
 JESSE BLACKBURN, Village Administrator

KEVIN NICKEL, Fiscal Officer  
 BRYAN LLOYD, Assistant Administrator

[www.bluffton-ohio.com](http://www.bluffton-ohio.com)

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS [AND QUESTIONED COSTS]  
 2 CFR 200.511(b)  
 FOR THE YEAR ENDED DECEMBER 31, 2020**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	Bank to Book Reconciliation	Not Corrected	Repeated as Finding 2020-002 which was corrected during the audit.
2019-002	Posting Receipts, Disbursements and Classifications of Fund Balances	Partially Corrected	Proper posting of receipts and disbursements were reviewed and corrected. Classifications of Fund balances were repeated as finding 2020-001 and corrected with the filing of 2022 financial statements.
2019-003	Budgetary Controls	Corrective Action Taken and Finding is Fully Corrected	Approved appropriations reconciled to the appropriations posted to the accounting system.

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF BLUFFTON**

**ALLEN COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 4/6/2023**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)