



Dave Yost • Auditor of State

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

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Dave Yost • Auditor of State

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 cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Bluffton, Allen and Hancock Counties, Ohio (the Village), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Bluffton, Allen and Hancock Counties, Ohio, as of December 31, 2015 and 2014, and the respective changes in cash financial position and the respective budgetary comparison for the General and Street funds thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to Management's Discussion & Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2017, 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.



Dave Yost
Auditor of State
Columbus, Ohio

February 6, 2017

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
Unaudited**

This discussion and analysis of the Village of Bluffton's financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2015 and December 31, 2014, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2015 and 2014 are as follows:

Net assets of governmental activities in 2015 increased \$75,659 or 2.43 percent, a moderate change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund.

Net assets of governmental activities in 2014 increased \$37,171 or 1.21 percent, a moderate change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund.

The Village's general receipts are primarily derived from income taxes. In 2015, these receipts represent 55.03 percent of the total cash received for governmental activities during the year. Income tax receipts for 2015 were down by 5.20 percent compared to 2014. In 2014, these receipts represent 62.66 percent of the total cash received for governmental activities during the year. Income tax receipts for 2014 were down by 2.33 percent compared to 2013.

In 2015, the water operations had an increase in net assets of \$35,472 and sewer operations had a decrease in net assets of \$22,682.

In 2014, the water operations had a decrease in net assets of \$105,253 and sewer operations had a decrease in net assets of \$59,057.

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

Using the Basic Financial Statements

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

Report Components

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

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

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
Unaudited
(Continued)**

Basis of Accounting

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

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

Reporting the Government as a Whole

The statement of net position and the statement of activities reflect how the Village did financially during 2015 and 2014, within the limitations of cash basis accounting. The statement of net position presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

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

In the statement of net position and the statement of activities, we divide the Village into two types of activities:

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

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

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
Unaudited
(Continued)**

Reporting the Government's Most Significant Funds

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

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

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

The Government as a Whole

Table 1 provides a summary of the Village's net assets for 2015, 2014 and 2013 on a cash basis:

	Governmental Activities			Business-Type Activities		
	2015	2014	2013	2015	2014	2013
Assets						
Cash and Cash Equivalents	\$ 3,186,523	\$ 3,110,864	\$ 3,073,693	\$ 777,297	\$ 932,842	\$ 810,777
Total Assets	\$ 3,186,523	\$ 3,110,864	\$ 3,073,693	\$ 777,297	\$ 932,842	\$ 810,777
Net Position						
Restricted for:						
Debt Service	\$ 863	\$ 863	\$ 863	\$ 97,126	\$ 340,327	\$ 266,650
Capital Outlay	553,064	518,893	819,439	384,531	299,452	92,208
Other Purposes	238,780	221,347	207,092			
Permanent Fund Purpose						
Nonexpendable	1,851	1,851				
Unrestricted	2,391,965	2,367,910	2,046,299	295,640	293,063	451,919
Total Net Position	\$3,186,523	\$3,110,864	\$3,073,693	\$777,297	\$932,842	\$810,777

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
Unaudited
(Continued)**

Table 2 reflects the changes in net position in 2015, 2014 compared to 2013.

(Table 2)
Changes in Net Assets

	Governmental Activities 2015	Governmental Activities 2014	Governmental Activities 2013	Business Type Activities 2015	Business Type Activities 2014	Business Type Activities 2013
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$ 363,718	\$ 321,662	\$ 344,775	\$ 2,028,379	\$ 1,892,161	\$ 1,941,307
Operating Grants and Contributions	206,170	321,273	249,042	29,714	21,847	
Capital Grants and Contributions	416,584	11,617	65,463	103,415		66,835
Total Program Receipts	986,472	654,552	659,280	2,161,508	1,914,008	2,008,142
General Receipts:						
Property and Other Local Taxes	191,786	191,295	187,892			
Income Taxes	1,699,233	1,792,558	1,835,425	424,808	445,883	268,864
Loan Proceeds	6,648		61,058	3,035,352		220,864
Grants and Entitlements Not Restricted to Specific Programs	125,559	113	156,775			
Interest	2,496	2,185	2,478			
Miscellaneous	75,853	220,062	70,381	19,479		
Total General Receipts	2,101,575	2,206,213	2,314,009	3,479,639	445,883	489,728
Total Receipts	3,088,047	2,860,765	2,973,289	5,641,147	2,359,891	2,497,870
Disbursements:						
General Government	509,202	548,481	\$474,504			
Security of Persons and Property	778,551	762,610	727,168			
Public Health Services	44,335	51,580	48,665			
Leisure Time Activities	84,517	85,056	84,085			
Community Environment	1,000	40	1,000			
Basic Utilities	19,852	22,803	19,500			
Transportation	270,147	304,064	332,736			
Capital Outlay	990,519	1,019,441	750,030			
Debt Service	15,265	15,265				
Water				819,675	700,820	644,936
Sewer				628,558	573,102	587,911
Other Enterprise Funds				4,647,459	981,158	1,395,477
Total Disbursements	2,713,388	2,809,340	2,437,688	6,095,692	2,255,080	2,628,324
Excess (Deficiency) Before						
Transfers/Advances	374,659	51,425	535,601	(454,545)	104,811	(130,454)
Advances	41,000	235,746	147,000	(41,000)	(235,746)	(147,000)
Transfers	(340,000)	(250,000)	(85,000)	340,000	250,000	85,000

Governmental Activities program receipts represent only 31.94 percent of total governmental activities receipts for 2015 and 22.88 percent for 2014 and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees and charges to Orange and Richland Townships for fire and emergency medical services provided.

General receipts represent 68.06 percent of the Village's total receipts for 2015 and 77.12 percent for 2014, and of this amount, 80.86 percent and 81.25 percent are local income taxes, respectively. Other receipts are very insignificant and somewhat unpredictable revenue sources.

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
Unaudited
(Continued)**

Disbursements for general government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, and the fiscal officer, and income tax departments, as well as internal services such as payroll and purchasing.

Security of persons and property are the costs of police and fire protection; public health services is the health department; leisure time activities are the costs of maintaining the parks and swimming pool; the community environment (economic development) department promotes the Village to industry and commerce as well as working with other governments in the area to attract new business; and transportation is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities on pages 12 and 20, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities in 2015 are for capital outlay, security of persons and property, and general government, which account for 36.50, 28.69, and 18.77 percent of all governmental disbursements, respectively. The major program disbursements for governmental activities in 2014 are for capital outlay, security of persons and property, and general government, which account for 36.28, 27.1, and 19.5 percent of all governmental disbursements, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost Of Services 2015	Net Cost of Services 2015	Total Cost Of Services 2014	Net Cost of Services 2014	Total Cost Of Services 2013	Net Cost of Services 2013
General Government	\$509,202	\$509,202	\$548,481	\$410,637	\$474,504	\$334,651
Security of Persons and Property	778,551	497,997	762,610	530,986	727,168	445,660
Public Health Services	44,335	17,330	51,580	17,511	48,665	28,848
Leisure Time Activities	84,517	27,661	85,056	36,211	84,085	35,026
Community Environment	1,000	1,000	40	40	1,000	1,000
Basic Utilities	19,852	(17,385)	22,803	4,886	19,500	1,829
Transportation	270,147	97,241	304,064	119,811	332,736	181,364
Capital Outlay	990,519	578,605	1,019,441	1,019,441	750,030	750,030
Debt Service	15,265	15,265	15,265	15,265		
Total Expenses	\$2,713,388	\$1,726,916	\$2,809,340	\$2,154,788	\$2,437,688	\$1,778,408

The dependence upon income tax receipts is apparent as 63.8 and 60.4 percent of governmental activities are supported through these general receipts during 2015 and 2014 respectively.

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
Unaudited
(Continued)**

Business-type Activities

The water operation of the Village had cash operating receipts above the cash operating disbursements for the years 2015 and 2014. The water from the Village's wells is very high in total dissolved solids and the Village has entered into an agreement with the Village of Ottawa, Ohio to supply water to the Village.

The sewer operation of the Village had cash operating receipts above the cash operating disbursements for the years 2015 and 2014. The Village is under EPA mandate to separate all combined sewers within the system and the Village is in the process of determining the scope and cost of this project.

The Government's Funds

In 2015, total governmental funds (including Other Financing Sources) had receipts of \$3,630,247 and disbursements (including Other Financing Uses) of \$3,554,588.

General Fund receipts were \$43,133 over disbursements indicating that the General Fund is not in a deficit spending situation.

In 2014, total governmental funds had receipts of \$3,729,579 (including Other Financing Sources) and disbursements (including Other Financing Uses) of \$3,692,408.

General Fund receipts were \$301,836 over disbursements indicating that the General Fund is not in a deficit spending situation.

General Fund Budgeting Highlights

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

During 2015 and 2014, the Village amended its General Fund budget several times to reflect changing circumstances. In 2015, final budgeted receipts were above actual receipts due to decreased municipal income taxes. In 2014, final budgeted receipts were below actual receipts due to increased municipal income taxes.

In 2015, final disbursements for the General Fund were budgeted at \$1,768,706 while actual disbursements plus encumbrances were \$1,648,992. In 2014, final disbursements for the General Fund were budgeted at \$1,760,607 while actual disbursements plus encumbrances were \$1,628,643. The Village kept spending very close to budgeted amounts as demonstrated by the reported variances.

Capital Assets and Debt Administration

Capital Assets

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

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
Unaudited
(Continued)**

Debt

At December 31, 2015, the Village's outstanding principal debt included \$1,118,623 for an OWDA Loan for the Water System, \$49,057 for an OPWC Loan for the elevated water storage tank, \$485,843 for an OWDA Loan for the Wastewater System, \$2,901,143 for a Citizens National Bank Loan to refinance the sewer plant, \$243,739 for an OPWC Loan for the Main Street Waterline, \$3,146,848 for an OWDA Loan for the Waterline from Ottawa, \$90,114 for an OPWC Loan for the South Main Waterline Replacement, \$236,616 for OPWC Loan for the Cherry & Mound Streets Waterline Replacement, \$270,341 for an OPWC Loan for the Lawn, Jackson, Grove Streets Waterline Replacement, \$278,350 for a First National Bank Loan for Jackson & Elm Streets Waterline Replacement, \$86,652 for an OPWC loan for the Garmatter Waterline Replacement, \$30,528 for a Citizens National Bank Loan for a skid loader, and \$6,648 for a line of credit related to sidewalk projects. For further information regarding the Village's debt, refer to Note 10 to the basic financial statements.

Current Issues

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

Contacting the Government's Financial Management

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

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Village of Bluffton
Allen and Hancock Counties
Statement of Net Position - Cash Basis
December 31, 2015

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$3,186,523	\$777,297	\$3,963,820
<i>Total Assets</i>	<u>\$3,186,523</u>	<u>\$777,297</u>	<u>\$3,963,820</u>
Net Position			
Restricted for:			
Capital Projects	\$553,064	\$384,532	\$937,596
Debt Service	863	97,126	97,989
Other Purposes	238,780		238,780
Permanent Fund			
Nonexpendable	1,851		1,851
Unrestricted	<u>2,391,965</u>	<u>295,639</u>	<u>2,687,604</u>
<i>Total Net Position</i>	<u>\$3,186,523</u>	<u>\$777,297</u>	<u>\$3,963,820</u>

See accompanying notes to the basic financial statements

Village of Bluffton
Allen & Hancock Counties
Statement of Activities - Cash Basis
For the Year Ended December 31, 2015

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 509,202				\$ (509,202)		\$ (509,202)
Security of Persons and Property	778,551	\$ 247,477	\$ 28,407	\$ 4,670	(497,997)		(497,997)
Public Health Services	44,335	26,230	775		(17,330)		(17,330)
Leisure Time Activities	84,517	53,931	2,925		(27,661)		(27,661)
Community Environment	1,000				(1,000)		(1,000)
Basic Utility Services	19,852	36,080	1,157		17,385		17,385
Transportation	270,147		172,906		(97,241)		(97,241)
Capital Outlay	990,519			411,914	(578,605)		(578,605)
Debt Service:							
Principal Retirement	15,265				(15,265)		(15,265)
Interest and Fiscal Charges							
<i>Total Governmental Activities</i>	<u>2,713,388</u>	<u>363,718</u>	<u>206,170</u>	<u>416,584</u>	<u>(1,726,916)</u>		<u>(1,726,916)</u>
Business Type Activity							
Water	819,675	1,004,498				\$ 184,823	184,823
Sewer	628,558	813,133				184,575	184,575
Sewer Debt Service	3,157,458					(3,157,458)	(3,157,458)
Water Debt Service	505,230					(505,230)	(505,230)
Water/Sewer Improvement	518,511		29,714	103,415		(385,382)	(385,382)
Other Enterprise Funds	466,260	210,748				(255,512)	(255,512)
<i>Total Business Type Activities</i>	<u>6,095,692</u>	<u>2,028,379</u>	<u>29,714</u>	<u>103,415</u>		<u>(3,934,184)</u>	<u>(3,934,184)</u>
Total	<u>\$ 8,809,080</u>	<u>\$ 2,392,097</u>	<u>\$ 235,884</u>	<u>\$ 519,999</u>	<u>(1,726,916)</u>	<u>(3,934,184)</u>	<u>(5,661,100)</u>
General Receipts							
Property Taxes Levied for:							
General Purposes							
					163,764		163,764
					1,699,233	424,808	2,124,041
					28,022		28,022
					125,559		125,559
					6,648	3,035,352	3,042,000
					2,496		2,496
					75,853	19,479	95,332
<i>Total General Receipts</i>					<u>2,101,575</u>	<u>3,479,639</u>	<u>5,581,214</u>
Transfers							
					(340,000)	340,000	
Advances							
					41,000	(41,000)	
<i>Total General Receipts and Transfers</i>					<u>1,802,575</u>	<u>3,778,639</u>	<u>5,581,214</u>
Change in Net Position							
					75,659	(155,545)	(79,886)
<i>Net Position Beginning of Year</i>							
					<u>3,110,864</u>	<u>932,842</u>	<u>4,043,706</u>
<i>Net Position End of Year</i>							
					<u>\$ 3,186,523</u>	<u>\$ 777,297</u>	<u>\$ 3,963,820</u>

See accompanying notes to the basic financial statements

Village of Bluffton
Allen and Hancock Counties
Statement of Assets and Fund Balances- Cash Basis
Governmental Funds
December 31, 2015

	General	Street	Townhall Improvement	Airport Improvement	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 2,427,669	\$ 134,887	\$ 370,521	\$ 6,287	\$ 247,159	\$ 3,186,523
<i>Total Assets</i>	<u>\$ 2,427,669</u>	<u>\$ 134,887</u>	<u>\$ 370,521</u>	<u>\$ 6,287</u>	<u>\$ 247,159</u>	<u>\$ 3,186,523</u>
Fund Balances						
Nonspendable	\$ 225					\$ 225
Restricted		\$ 134,887	\$ 370,521	\$ 6,287	\$ 247,159	758,854
Assigned	35,483					35,483
Unassigned	2,391,961					2,391,961
<i>Total Fund Balances</i>	<u>\$ 2,427,669</u>	<u>\$ 134,887</u>	<u>\$ 370,521</u>	<u>\$ 6,287</u>	<u>\$ 247,159</u>	<u>\$ 3,186,523</u>

See accompanying notes to the basic financial statements

VILLAGE OF BLUFFTON
ALLEN & HANCOCK COUNTIES
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	General	Street	Townhall Improvement	Airport Improvement	Other Governmental Funds	Total Governmental Funds
Cash Receipts						
Municipal Income Taxes	\$1,699,233					\$1,699,233
Property and Other Local Taxes	191,786					191,786
Charges for Services	333,556				26,231	359,787
Fines, Licenses and Permits	3,881				50	3,931
Intergovernmental	131,385	137,531		411,914	61,018	741,848
Special Assessments	0	2,725				2,725
Gifts and Contributions	2,815				925	3,740
Interest	2,319	139		0	38	2,496
Miscellaneous	29,219	3,666	42,968			75,853
<i>Total Cash Receipts</i>	<u>2,394,194</u>	<u>144,061</u>	<u>42,968</u>	<u>411,914</u>	<u>88,262</u>	<u>3,081,399</u>
Cash Disbursements						
Current:						
General Government	509,202					509,202
Security of Persons and Property	778,253				298	778,551
Public Health Services	17,005				27,330	44,335
Leisure Time Activities	84,517					84,517
Community Environment	1,000					1,000
Basic Utility Services	16,658				3,194	19,852
Transportation	77,191	192,956			0	270,147
Capital Outlay	82,535	230,248	7,385	490,588	179,763	990,519
Debt Service:						
Principal Retirement					15,265	15,265
<i>Total Cash Disbursements</i>	<u>1,566,361</u>	<u>423,204</u>	<u>7,385</u>	<u>490,588</u>	<u>225,850</u>	<u>2,713,388</u>
<i>Total Cash Receipts Over (Under) Cash Disbursements</i>	<u>827,833</u>	<u>(279,143)</u>	<u>35,583</u>	<u>(78,674)</u>	<u>(137,588)</u>	<u>368,011</u>
Other Financing Sources (Uses)						
Line of Credit Proceeds		6,648				6,648
Transfers In	15,500	275,000		30,000	180,700	501,200
Transfers Out	(841,200)					(841,200)
Advances In	41,000					41,000
Total Other Financing Sources (Uses)	<u>(784,700)</u>	<u>281,648</u>		<u>30,000</u>	<u>180,700</u>	<u>(292,352)</u>
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Uses	43,133	2,505	35,583	(48,674)	43,112	75,659
<i>Fund Cash Balances, January 1</i>	<u>2,384,536</u>	<u>132,382</u>	<u>334,938</u>	<u>54,961</u>	<u>204,047</u>	<u>3,110,864</u>
<i>Fund Cash Balances, December 31</i>	<u>\$2,427,669</u>	<u>\$134,887</u>	<u>\$370,521</u>	<u>\$6,287</u>	<u>\$247,159</u>	<u>\$3,186,523</u>

See accompanying notes to the basic financial statements

Village of Bluffton
Allen & Hancock Counties
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Municipal Income Taxes	\$1,752,000	\$1,752,000	\$1,699,233	(\$52,767)
Property and Other Local Taxes	190,300	190,300	191,786	1,486
Charges for Services	313,250	313,250	333,556	20,306
Fines, Licenses and Permits	16,870	16,870	3,881	(12,989)
Intergovernmental	122,150	122,150	131,385	9,235
Gifts and Contributions			2,815	2,815
Interest	1,750	1,750	2,319	569
Miscellaneous	28,076	28,076	29,219	1,143
<i>Total Receipts</i>	<u>2,424,396</u>	<u>2,424,396</u>	<u>2,394,194</u>	<u>(30,202)</u>
Disbursements				
Current:				
General Government	599,338	614,744	527,314	87,430
Security of Persons and Property	807,211	831,475	801,131	30,344
Public Health Services	43,050	38,123	17,078	21,045
Leisure Time Activities	99,935	79,730	86,379	(6,649)
Community Environment	1,500	1,500	1,000	500
Basic Utility Services	18,900	16,700	31,658	(14,958)
Transportation	75,075	78,375	77,191	1,184
Capital Outlay	82,250	108,059	107,241	818
<i>Total Disbursements</i>	<u>1,727,259</u>	<u>1,768,706</u>	<u>1,648,992</u>	<u>119,714</u>
<i>Total Receipts Over (Under) Disbursements</i>	<u>697,137</u>	<u>655,690</u>	<u>745,202</u>	<u>89,512</u>
Other Financing Sources (Uses)				
Transfers In	15,500	15,500	15,500	0
Advances In	41,000	41,000	41,000	0
Transfers Out	(717,500)	(841,200)	(841,200)	0
Advances Out				
<i>Total Other Financing Sources (Uses)</i>	<u>(661,000)</u>	<u>(784,700)</u>	<u>(784,700)</u>	<u>0</u>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	36,137	(129,010)	(39,498)	89,512
<i>Fund Balance, January 1</i>	2,324,896	2,324,896	2,324,896	0
Prior Year Encumbrances Appropriated	63,963	63,963	63,963	0
<i>Fund Balance, December 31</i>	<u>\$2,424,996</u>	<u>\$2,259,849</u>	<u>\$2,349,361</u>	<u>\$89,512</u>

See accompanying notes to the basic financial statements

Village of Bluffton
Allen & Hancock Counties
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	120,000	120,500	137,531	17,031
Special Assessments			2,725	2,725
Interest	1,000	100	139	39
Miscellaneous			3,666	3,666
<i>Total Receipts</i>	<u>121,000</u>	<u>120,600</u>	<u>144,061</u>	<u>23,461</u>
Disbursements				
Current:				
Transportation	247,072	247,248	192,956	54,292
Capital Outlay	250,000	256,931	230,248	26,683
<i>Total Disbursements</i>	<u>497,072</u>	<u>504,179</u>	<u>423,204</u>	<u>80,975</u>
<i>Total Receipts Over (Under) Disbursements</i>	<u>(376,072)</u>	<u>(383,579)</u>	<u>(279,143)</u>	<u>104,436</u>
Other Financing Sources				
Line of Credit Proceeds			6,648	6,648
Transfers In	275,000	275,000	275,000	0
Excess of Receipts and Other Financing Sources Over (Under) Disbursements	(101,072)	(108,579)	2,505	111,084
<i>Cash Balance, January 1</i>	120,008	120,008	120,008	0
Prior Year Encumbrances Appropriated	12,373	12,373	12,373	0
<i>Cash Balance, December 31</i>	<u>\$31,309</u>	<u>\$23,802</u>	<u>\$134,886</u>	<u>\$111,084</u>

See accompanying notes to the basic financial statements

Village of Bluffton
Allen and Hancock Counties
 Statement of Fund Net Position - Cash Basis
 Proprietary Funds
 December 31, 2015

	Business-Type Activities						Total Enterprise Funds
	Water Fund	Sewer Fund	Sewer Debt Service Fund	Water Debt Service Fund	Water/Sewer Improvement Fund	Other Enterprise Funds	
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 151,428	\$ 86,388	\$ 44,126	\$ 53,000	\$ 384,532	\$ 57,823	\$ 777,297
<i>Total Assets</i>	<u>\$ 151,428</u>	<u>\$ 86,388</u>	<u>\$ 44,126</u>	<u>\$ 53,000</u>	<u>\$ 384,532</u>	<u>\$ 57,823</u>	<u>\$ 777,297</u>
Net Position							
Restricted for:							
Capital Projects					\$ 384,532		\$ 384,532
Debt Service			\$ 44,126	\$ 53,000			97,126
Unrestricted	\$ 151,428	\$ 86,388				\$ 57,823	295,639
Total Net Position	<u>\$ 151,428</u>	<u>\$ 86,388</u>	<u>\$ 44,126</u>	<u>\$ 53,000</u>	<u>\$ 384,532</u>	<u>\$ 57,823</u>	<u>\$ 777,297</u>

See accompanying notes to the basic financial statements

Village of Bluffton
Allen & Hancock Counties
Statement of Cash Receipts,
Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2015

	Proprietary Fund Type						Total Enterprise Funds
	Water Fund	Sewer Fund	Sewer Debt Service	Water Debt Service	Water/Sewer Improvement Fund	Other Enterprise Funds	
Operating Cash Receipts							
Charges for Services	\$1,004,498	\$813,133				\$210,748	\$2,028,379
Municipal Income Taxes					\$424,808		\$424,808
Special Assessment Charges					\$29,714		\$29,714
Other Operating Receipts	15,879	3,600					19,479
Total Operating Cash Receipts	1,020,377	816,733			454,522	210,748	2,502,380
Operating Cash Disbursements							
Personal Services	66,262	171,220					237,482
Fringe Benefits	26,399	56,373					82,772
Contractual Services	585,159	249,680				220,961	1,055,800
Materials and Supplies	132,097	79,267					211,364
Capital Outlay	9,758	31,909			518,511		560,178
Total Operating Cash Disbursements	819,675	588,449			518,511	220,961	2,147,596
<i>Operating Income (Loss)</i>	200,702	228,284			(63,989)	(10,213)	354,784
Non-Operating Cash Receipts/ Disbursements							
Proceeds from OPWC Loan					86,652		86,652
Proceeds from OPWC Grant					103,415		103,415
Proceeds from Loans			\$ 2,948,700				2,948,700
Principal Payments		(16,973)	(2,996,258)	(\$339,054)		(245,299)	(3,597,584)
Interest and Fiscal Charges		(23,136)	(161,200)	(166,176)			(350,512)
Transfers In	340,000		210,857	505,230			1,056,087
Transfers Out	(505,230)	(210,857)					(716,087)
Advances In							0
Advances Out					(41,000)		(41,000)
Total Non-Operating Cash Receipts/ Disbursements	(165,230)	(250,966)	2,099	0	149,067	(245,299)	(510,329)
<i>Change in Net Position</i>	35,472	(22,682)	2,099	0	85,078	(255,512)	(155,545)
<i>Net Position, January 1</i>	115,956	109,070	42,027	53,000	299,454	313,335	932,842
<i>Net Position, December 31</i>	\$151,428	\$86,388	\$44,126	\$53,000	\$384,532	\$57,823	\$777,297

See accompanying notes to the basic financial statements

Village of Bluffton
Allen and Hancock Counties
Statement of Net Position - Cash Basis
December 31, 2014

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$3,110,864	\$932,842	\$4,043,706
<i>Total Assets</i>	<u>\$3,110,864</u>	<u>\$932,842</u>	<u>\$4,043,706</u>
Net Position			
Restricted for:			
Capital Projects	\$518,893	\$299,454	\$818,347
Debt Service	863	340,328	341,191
Other Purposes	221,347		221,347
Permanent Fund			
Nonexpendable	1,851		1,851
Unrestricted	<u>2,367,910</u>	<u>293,060</u>	<u>2,660,970</u>
<i>Total Net Position</i>	<u>\$3,110,864</u>	<u>\$932,842</u>	<u>\$4,043,706</u>

See accompanying notes to the basic financial statements

Village of Bluffton
Allen & Hancock Counties
Statement of Activities - Cash Basis
For the Year Ended December 31, 2014

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$548,481		\$137,844		(\$410,637)		(\$410,637)
Security of Persons and Property	762,610	225,567	4,937	1,120	(530,986)		(530,986)
Public Health Services	51,580	30,544	3,525		(17,511)		(17,511)
Leisure Time Activities	85,056	48,830	15		(36,211)		(36,211)
Community Environment	40				(40)		(40)
Basic Utility Services	22,803	16,721	1,196		(4,886)		(4,886)
Transportation	304,064		173,756	10,497	(119,811)		(119,811)
Capital Outlay	1,019,441				(1,019,441)		(1,019,441)
Debt Service:							
Principal Retirement	15,265				(15,265)		(15,265)
Interest and Fiscal Charges							
Total Governmental Activities	2,809,340	321,662	321,273	11,617	(2,154,788)		(2,154,788)
Business Type Activity							
Water	700,820	903,797				202,977	202,977
Sewer	573,102	779,817				206,715	206,715
Sewer Debt Service	245,095					(245,095)	(245,095)
Water Debt Service	505,229					(505,229)	(505,229)
Water/Sewer Improvement	24,738		21,847			(2,891)	(2,891)
Other Enterprise Funds	203,096	208,547				5,451	5,451
Total Business Type Activities	2,252,080	1,892,161	21,847	0		(338,072)	(338,072)
Total	\$5,061,420	2,213,823	343,120	\$11,617	(2,154,788)	(338,072)	(2,492,860)
General Receipts							
Property Taxes Levied for:							
General Purposes					163,198		163,198
Municipal Income Taxes					1,792,558	445,883	2,238,441
Other Taxes					28,097		28,097
Grants and Entitlements not Restricted for Specific Programs					113		113
Interest					2,185		2,185
Miscellaneous					220,062	0	220,062
Total General Receipts					2,206,213	445,883	2,652,096
Transfers					(250,000)	250,000	0
Advances					235,746	(235,746)	
Total General Receipts and Transfers					2,191,959	460,137	2,652,096
Change in Net Position					37,171	122,065	159,236
<i>Net Position Beginning of Year</i>					3,073,693	810,777	3,884,470
<i>Net Position End of Year</i>					\$3,110,864	\$932,842	\$4,043,706

See accompanying notes to the basic financial statements

Village of Bluffton
Allen and Hancock Counties
Statement of Assets and Fund Balances- Cash Basis
Governmental Funds
December 31, 2014

	General	Street	Townhall Improvement	Fire and Rescue Improvement	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$2,384,536	\$132,382	\$334,938	\$56,075	\$202,933	\$3,110,864
<i>Total Assets</i>	<u>\$2,384,536</u>	<u>\$132,382</u>	<u>\$334,938</u>	<u>\$56,075</u>	<u>\$202,933</u>	<u>\$3,110,864</u>
Fund Balances						
Nonspendable	\$225					\$225
Restricted		\$132,382	\$334,938	\$56,075	\$202,933	726,328
Assigned	33,882					33,882
Unassigned	2,350,429					2,350,429
<i>Total Fund Balances</i>	<u>\$2,384,536</u>	<u>\$132,382</u>	<u>\$334,938</u>	<u>\$56,075</u>	<u>\$202,933</u>	<u>\$3,110,864</u>

See accompanying notes to the basic financial statements

VILLAGE OF BLUFFTON
ALLEN & HANCOCK COUNTIES
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2014

	General	Street	Townhall Improvement	Fire & Rescue Improvement	Other Governmental Funds	Total Governmental Funds
Cash Receipts						
Municipal Income Taxes	\$1,790,753		\$1,805			\$1,792,558
Property and Other Local Taxes	191,295					191,295
Charges for Services	283,451				30,544	313,995
Fines, Licenses and Permits	7,274				393	7,667
Intergovernmental	139,153	135,304			48,587	323,044
Special Assessments		1,482				1,482
Gifts and Contributions	4,952				3,525	8,477
Interest	1,870	91		170	54	2,185
Miscellaneous	48,745	6,229	146,646		18,442	220,062
<i>Total Cash Receipts</i>	<u>2,467,493</u>	<u>143,106</u>	<u>148,451</u>	<u>170</u>	<u>101,545</u>	<u>2,860,765</u>
Cash Disbursements						
Current:						
General Government	548,481					548,481
Security of Persons and Property	762,110				500	762,610
Public Health Services	17,490				34,090	51,580
Leisure Time Activities	85,056					85,056
Community Environment	40					40
Basic Utility Services	17,374				5,429	22,803
Transportation	70,011	234,053			0	304,064
Capital Outlay	68,441	226,884	144,370	446,828	132,918	1,019,441
Debt Service:						
Principal Retirement					15,265	15,265
<i>Total Cash Disbursements</i>	<u>1,569,003</u>	<u>460,937</u>	<u>144,370</u>	<u>446,828</u>	<u>188,202</u>	<u>2,809,340</u>
<i>Total Cash Receipts Over (Under) Cash Disbursements</i>	<u>898,490</u>	<u>(317,831)</u>	<u>4,081</u>	<u>(446,658)</u>	<u>(86,657)</u>	<u>51,425</u>
Other Financing Sources (Uses)						
Transfers In	9,668	350,000		90,000	142,400	592,068
Transfers Out	(842,068)					(842,068)
Advances In	276,746					276,746
Advances Out	(41,000)					(41,000)
Total Other Financing Sources (Uses)	<u>(596,654)</u>	<u>350,000</u>		<u>90,000</u>	<u>142,400</u>	<u>(14,254)</u>
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Uses	301,836	32,169	4,081	(356,658)	55,743	37,171
<i>Fund Cash Balances, January 1</i>	<u>2,082,700</u>	<u>100,213</u>	<u>330,857</u>	<u>412,733</u>	<u>147,190</u>	<u>3,073,693</u>
<i>Fund Cash Balances, December 31</i>	<u>\$2,384,536</u>	<u>\$132,382</u>	<u>\$334,938</u>	<u>\$56,075</u>	<u>\$202,933</u>	<u>\$3,110,864</u>

See accompanying notes to the basic financial statements

Village of Bluffton
Allen & Hancock Counties
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Municipal Income Taxes	\$1,650,000	\$1,650,000	\$1,790,753	\$140,753
Property and Other Local Taxes	179,300	179,300	191,295	11,995
Charges for Services	301,550	301,550	283,451	(18,099)
Fines, Licenses and Permits	17,340	17,340	7,274	(10,066)
Intergovernmental	110,150	110,150	139,153	29,003
Gifts and Contributions	50	50	4,952	4,902
Interest	2,000	2,000	1,870	(130)
Miscellaneous	21,500	21,500	48,745	27,245
<i>Total Receipts</i>	2,281,890	2,281,890	2,467,493	185,603
Disbursements				
Current:				
General Government	504,435	570,137	569,097	1,040
Security of Persons and Property	851,329	852,829	788,995	63,834
Public Health Services	36,000	36,000	17,563	18,437
Leisure Time Activities	106,946	91,533	86,493	5,040
Community Environment	2,000	40	40	0
Basic Utility Services	18,000	18,000	17,374	626
Transportation	72,500	71,350	70,011	1,339
Capital Outlay	110,959	120,718	79,070	41,648
<i>Total Disbursements</i>	1,702,169	1,760,607	1,628,643	131,964
<i>Total Receipts Over (Under) Disbursements</i>	579,721	521,283	838,850	317,567
Other Financing Sources (Uses)				
Transfers In	24,000	24,000	9,668	(14,332)
Advances In	250,000	250,000	276,746	26,746
Transfers Out	(869,000)	(869,000)	(842,068)	26,932
Advances Out		(41,000)	(41,000)	
<i>Total Other Financing Sources (Uses)</i>	(595,000)	(636,000)	(596,654)	39,346
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	(15,279)	(114,717)	242,196	356,913
<i>Fund Balance, January 1</i>	2,015,922	2,015,922	2,015,922	0
Prior Year Encumbrances Appropriated	66,778	66,778	66,778	0
<i>Fund Balance, December 31</i>	\$2,067,421	\$1,967,983	\$2,324,896	\$356,913

See accompanying notes to the basic financial statements

Village of Bluffton
Allen & Hancock Counties
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Fund
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	120,500	120,500	135,304	14,804
Special Assessments			1,482	1,482
Interest		100	91	(9)
Miscellaneous			6,229	6,229
<i>Total Receipts</i>	<u>120,500</u>	<u>120,600</u>	<u>143,106</u>	<u>22,506</u>
Disbursements				
Current:				
Transportation	234,315	267,354	238,495	28,859
Capital Outlay	300,000	300,000	234,815	65,185
<i>Total Disbursements</i>	<u>534,315</u>	<u>567,354</u>	<u>473,310</u>	<u>94,044</u>
<i>Total Receipts Over (Under) Disbursements</i>	<u>(413,815)</u>	<u>(446,754)</u>	<u>(330,204)</u>	<u>116,550</u>
Other Financing Sources				
Transfers In	350,000	350,000	350,000	0
Excess of Receipts and Other Financing Sources Over (Under) Disbursements	(63,815)	(96,754)	19,796	116,550
<i>Cash Balance, January 1</i>	83,301	83,301	83,301	
Prior Year Encumbrances Appropriated	16,911	16,911	16,911	
<i>Cash Balance, December 31</i>	<u>\$36,397</u>	<u>\$3,458</u>	<u>\$120,008</u>	<u>\$116,550</u>

See accompanying notes to the basic financial statements

Village of Bluffton
Allen and Hancock Counties
 Statement of Fund Net Position - Cash Basis
 Proprietary Funds
 December 31, 2014

	Business-Type Activities							Total Enterprise Funds
	Water Fund	Sewer Fund	Sewer Debt Service Fund	Sewer Debt Service Reserve Fund	Water Debt Service Fund	Water/Sewer Improvement Fund	Other Enterprise Funds	
Assets								
Equity in Pooled Cash and Cash Equivalents	\$ 115,956	\$ 109,070	\$ 42,027	\$ 245,301	\$ 53,000	\$ 299,454	\$ 68,034	\$ 932,842
Total Assets	\$ 115,956	\$ 109,070	\$ 42,027	\$ 245,301	\$ 53,000	\$ 299,454	\$ 68,034	\$ 932,842
Net Position								
Restricted for:								
Capital Projects								
Debt Service			\$ 42,027	\$ 245,301	\$ 53,000	\$ 299,454		\$ 299,454
Unrestricted	\$ 115,956	\$ 109,070					\$ 68,034	293,060
Total Net Position	\$ 115,956	\$ 109,070	\$ 42,027	\$ 245,301	\$ 53,000	\$ 299,454	\$ 68,034	\$ 932,842

See accompanying notes to the basic financial statements

Village of Bluffton
Allen & Hancock Counties
Statement of Cash Receipts,
Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2014

	Proprietary Fund Type							Total Enterprise Funds
	Water Fund	Sewer Fund	Sewer Debt Service	Sewer Debt Service Reserve Fund	Water Debt Service	Water/Sewer Improvement Fund	Other Enterprise Funds	
Operating Cash Receipts								
Charges for Services	\$890,991	\$774,433					\$208,547	\$1,873,971
Municipal Income Taxes						\$445,883		\$445,883
Special Assessment Charges						\$21,847		\$21,847
Other Operating Receipts	12,805	5,386						18,191
<i>Total Operating Cash Receipts</i>	<u>903,796</u>	<u>779,819</u>				<u>467,730</u>	<u>208,547</u>	<u>2,359,892</u>
Operating Cash Disbursements								
Personal Services	60,558	161,346						221,904
Fringe Benefits	23,718	53,068						76,786
Contractual Services	519,828	231,760					203,096	954,684
Materials and Supplies	96,216	74,027						170,243
Capital Outlay	500	12,793				24,738		38,031
<i>Total Operating Cash Disbursements</i>	<u>700,820</u>	<u>532,994</u>				<u>24,738</u>	<u>203,096</u>	<u>1,461,648</u>
<i>Operating Income (Loss)</i>	202,976	246,825				442,992	5,451	898,244
Non-Operating Cash Receipts/ Disbursements								
Principal Payments		(16,212)	(97,000)		(\$329,313)			(442,525)
Interest and Fiscal Charges		(23,897)	(148,095)		(175,916)			(347,908)
Transfers In	250,000		246,000	19,773	558,229			1,074,002
Transfers Out	(558,229)	(265,773)						(824,002)
Advances In						41,000		41,000
Advances Out						(276,746)		(276,746)
Total Non-Operating Cash Receipts/ Disbursements	(308,229)	(305,882)	905	19,773	53,000	(235,746)	0	(776,179)
<i>Change in Net Position</i>	(105,253)	(59,057)	905	19,773	53,000	207,246	5,451	122,065
<i>Net Position, January 1</i>	<u>221,209</u>	<u>168,127</u>	<u>41,122</u>	<u>225,528</u>	<u>0</u>	<u>92,208</u>	<u>62,583</u>	<u>810,777</u>
<i>Net Position, December 31</i>	<u>\$115,956</u>	<u>\$109,070</u>	<u>\$42,027</u>	<u>\$245,301</u>	<u>\$53,000</u>	<u>\$299,454</u>	<u>\$68,034</u>	<u>\$932,842</u>

See accompanying notes to the basic financial statements

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

Note 1 – Reporting Entity

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

A. Primary Government

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

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information. Following are the more significant of the Village's accounting policies.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

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

Fund Financial Statements

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

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

B. Fund Accounting

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

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Village's major governmental funds are the General Fund, Street Fund, Town Hall Improvement Fund, Fire & Rescue Improvement Fund, and the Airport Improvement Fund.

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

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

The Town Hall Improvement Fund is used to account for income tax collections and collects interest to pay for improvements to the town hall.

The Fire and Rescue Improvement Fund is used to account for resources whose use is restricted to funding the purchase of capital improvement items for the EMS and Fire Departments.

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

The Airport Improvement Fund is used to account for resources whose is restricted to funding the purchase of capital improvements for the airport.

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

Proprietary Funds

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

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the Water Fund, Sewer Fund, Sewer Debt Service Reserve Fund, Sewer Debt Service Fund, Water Debt Service Fund, and Water/Sewer Improvement Fund.

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

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

Sewer Debt Service Fund- The sewer debt service fund accounts for monies used to repay sewer related debt.

Sewer Debt Service Reserve Fund- The sewer debt service reserve fund accounts for monies required by USDA Rural Development to be set-aside for debt repayment.

Water Debt Service Fund- The water debt service fund accounts for monies used to repay water related debt.

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.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

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

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

D. Budgetary Process

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

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

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

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

E. Cash and Investments

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

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2015 and 2014, 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, 2015 and 2014.

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, 2015 and 2014.

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

E. Cash and Investments (continued)

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2015 and 2014 were \$2,319 and \$1,870 respectively, which includes \$521 and \$493 assigned from other Village funds respectively.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the Village are reported as restricted. Restricted Assets in the enterprise funds represent amounts set aside to satisfy bond indenture requirements for current and future debt payments and the replacement and improvement of capital assets originally acquired with bond proceeds.

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

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

L. Long-Term Obligations

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

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

M. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for the renovation of Town Hall, safety service capital improvements, airport improvements, street maintenance, cemetery maintenance, special assessments, and resources related to Mayor's court.

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

N. Fund Balance Reserves

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

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

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

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

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

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

N. Fund Balance Reserves (continued)

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

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

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

O. Interfund Transactions

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

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

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is (are) outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis)). The encumbrances outstanding at year end (budgetary basis) for the general fund amounted to \$82,631 and \$63,963 for 2015 and 2014, respectively, encumbrances in the street fund amounted to \$3,441 and \$12,373 for 2015 and 2014, respectively.

Note 4 – Deposits and Investments

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

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

Note 4 – Deposits and Investments (continued)

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

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

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

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

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

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

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

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

Note 4 – Deposits and Investments (continued)

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2015 and 2014 \$3,309,563 and \$3,369,403 of the Village's bank balance of \$4,059,563 and \$4,119,403 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

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

Investments

As of December 31, 2015 and 2014, the Village had the following investments:

STAR Ohio	<u>Carrying Value</u>
December 31, 2015	\$14,797
December 31, 2014	\$14,781

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

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

Note 5 – Income Taxes

The Village levies a one and a quarter percent income tax whose proceeds are placed into the General Fund (one percent) and Town Hall Improvement Fund or 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. The quarter

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

Note 5 – Income Taxes (continued)

percent associated with the Town Hall Improvement Fund was set to be taken off at the end of 2012. The voters in the November 2011 election, voted to replace the quarter percent tax associated with the Town Hall Improvement Fund with a quarter percent tax for a fifteen year period, beginning January 1, 2013 for water and sewer capital improvements and the related debt.

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2015 represent the collection of 2014 taxes. Real property taxes received in 2015 were levied after October 1, 2014, on the assessed values as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2015 represent the collection of 2014 taxes. Public utility real and tangible personal property taxes received in 2015 became a lien on December 31, 2014, were levied after October 1, 2014, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2015 (other than public utility property) represent the collection of 2014 taxes. Tangible personal property taxes received in 2015 were levied after October 1, 2014, on the true value as of December 31, 2014. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2015, was \$2.50 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2015 property tax receipts were based was \$77,258,230.

Note 7 – Risk Management

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

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

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

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

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

Note 8 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

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

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

For the year ended December 31, 2015 and 2014, the members of all three plans were required to contribute 10.00 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2015 and 2014 was 14.00 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2015, 2014, and 2013 were \$80,355, \$77,122, and \$68,277 respectively. The full amount has been contributed for 2015, 2014, and 2013.

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 12.25 percent of their annual covered salary to fund pension obligations while the Village is required to contribute 19.5 percent for police officers. Contributions are authorized by State statute. The Village's required contributions to the Fund for the years ended December 31, 2015, 2014, and 2013 were \$74,549, \$71,059, and \$25,726 respectively. The full amount has been contributed for 2015, 2014, and 2013.

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

Note 9 - Postemployment Benefits

Ohio Public Employees Retirement System

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

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

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2015, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2015 and 2014 was 2.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2013 was 1.00%.

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

The Village's required contribution for postemployment obligations for the years ended December 31, 2015, 2014, and 2013 were \$13,392, \$12,854, and \$5,252 respectively; 100 percent has been contributed for 2015, 2014, and 2013.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

Note 9- Postemployment Benefits- (Continued)

B. Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the OP&F Pension Fund sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person.

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

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

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

OP&F maintains funds for health care in two separate accounts, one account is for health care benefits under an Internal Revenue Code Section 115 trust and the other account is for Medicare Part B reimbursements administered as an Internal Revenue Code Section 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 0.5 percent of covered payroll from January 1, 2014 through December 31, 2014. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The Village's required contribution for postemployment obligations for the years ended December 31, 2015, 2014, and 2013 were \$1,962, \$1,870, and \$19,800 respectively; 100 percent has been contributed for 2015, 2014, and 2013.

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

Note 10 – Debt

Under the cash basis of accounting, debt obligations are not reported as a liability in the accompanying financial statements.

The Village's long-term debt activity for the year ended December 31, 2015, are as follows:

	Interest	Balance			Balance	Due Within
	Rate	1/1/2014	Additions	Reductions	12/31/2015	One Year
Governmental-Type Activities						
Citizens National- Loan						
Skid Loader	0.00%	\$ 61,058		\$ (30,530)	\$ 30,528	\$ 15,265
First National Line of Credit	2.64%	-	6,648	-	6,648	6,648
Total Governmental-Type Activities		\$ 61,058	\$ 6,648	\$ (30,530)	\$ 37,176	\$ 21,913

The Citizens National Bank loan is for the purchase of a skid loader. Repayment of the debt is provided for by general fund monies.

The Village also has a line of credit with First National Bank. The line of credit is used for the financing of sidewalks. The line of credit will be paid through assessments to the property owner.

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

Business Type Activities						
Description	Interest Rate	Balance January 1, 2014	Additions	Reductions	Balance December 31, 2015	Due Within One Year
OWDA Loan #3207 Water System Improvements	5.77%	\$1,256,950		\$(138,327)	\$1,118,623	\$75,294
OWDA Loan #3736 Wastewater Treatment	4.64%	519,028		(33,184)	485,844	17,769
OWDA Loan #4777 Waterline from Ottawa	2.75%	3,539,289		(392,441)	3,146,848	204,407
OPWC Loan CM22C Elevated Water Storage Tank	0.00%	65,409		(16,352)	49,057	8,176
OPWC Loan CM26I Main St. Waterline Replacement	0.00%	284,363		(40,624)	243,739	20,312
OPWC Loan CM13N South Main St. Waterline Replacement	0.00%	100,716		(10,602)	90,114	5,301
OPWC Loan CM32P Cherry and Mound Waterline Replacement	0.00%	253,824		(17,208)	236,616	8,604
OPWC Loan CM25P Lawn, Jackson, Grove Waterline Replacement	0.00%	290,003		(19,662)	270,341	9,831
OPWC Loan CM27R Garmatter Waterline Replacement	0.00%		\$86,652		86,652	2,888
First National Bank Loan – Jackson, Elm Waterline Replacement	2.72%	311,502		(33,152)	278,350	17,260
USDA Rural Development Mortgage Revenue Bonds	4.50%	3,291,000		(3,291,000)	0	
Citizen's National Bank Sewer Plant	3.90%		2,948,700	(47,557)	2,901,143	149,342
Total Business Type Activities		\$9,912,084	\$3,035,352	\$(4,040,109)	\$8,907,327	\$519,184

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

Note 10 – Debt (continued)

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 \$69,383, including interest, over 25 years. The loan is secured by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #4777 relates to the construction of a waterline from Ottawa to the Village. The loan will be repaid in semiannual installments of \$144,775 including interest over 20 years. The loan is secured by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) WWTP loan #3736 relates to the construction of a new wastewater treatment plant that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments of \$20,054, including interest, over 30 years. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loans relate to construction of new waterlines. These are interest free loans. Loan C26I Main Street Waterline replacement with semi-annual payments of \$10,156, to be paid over a term of 20 years. Loan CM13N South Main Street Waterline replacement with semi-annual payments of \$2,650 to be paid over a term of 20 years. Loan CM32P Cherry Mound Waterline Replacement with semi-annual payments of \$4,302 to be paid over a term of 30 years. Loan CM25P Lawn, Jackson, and Grove Waterline replacement with semi-annual payments of \$4,915 to be paid over a term of 30 years. Loan CM27R Garmatter Waterline replacement with semi-annual payments of \$1,444 to be paid over a term of 30 years. Loan CM22C Elevated Water Storage Tank with semi-annual payments of \$4,088 to be paid over a term of 20 years.

The First National Bank loan relates to the construction of waterline replacements. The interest rate for this loan reset to 2.72% in 2013.

The Citizens National Bank loan was obtained for the purpose of refinancing the costs of constructing a new wastewater treatment plant (USDA Rural Development Mortgage Revenue bonds). The loan will be repaid over 15 years. Payments will be remitted on a monthly basis.

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

Note 10 – Debt (continued)

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

Year Ending December	OPWC Loan CM261 Main St Waterline			OWDA Loan #3207 Water System			Issue II Loan		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016	\$20,312	\$0	\$20,312	\$75,294	\$63,474	\$138,768	\$8,176	\$0	\$8,176
2017	20,311	-	20,311	79,701	59,067	138,768	8,176	-	8,176
2018	20,312	-	20,312	84,366	54,402	138,768	8,176	-	8,176
2019	20,311	-	20,311	89,304	49,464	138,768	8,176	-	8,176
2020	20,312	-	20,312	94,532	44,236	138,768	8,176	-	8,176
2021- 2025	101,558	-	101,558	562,422	131,416	693,838	8,177	-	8,177
2026- 2030	40,623	-	40,623	133,004	5,763	138,767	-	-	-
Total	\$243,739	\$0	\$243,739	\$1,118,623	\$407,822	\$1,526,445	\$49,057	\$0	\$49,057

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
2016	\$17,769	\$22,339	\$40,108	\$17,260	\$7,428	\$24,688	\$149,342	\$110,714	\$260,056
2017	18,603	21,505	40,108	17,732	6,956	24,688	155,583	104,472	260,055
2018	19,476	20,632	40,108	18,218	6,470	24,688	161,756	98,300	260,056
2019	20,391	19,718	40,109	18,717	5,971	24,688	168,173	91,882	260,055
2020	21,347	18,761	40,108	19,230	5,458	24,688	174,599	85,456	260,055
2021- 2025	122,742	77,800	200,542	104,341	19,100	123,441	983,726	316,553	1,300,279
2026- 2030	154,384	46,159	200,543	82,852	4,515	87,367	1,107,964	105,629	1,213,593
2031- 2035	111,131	9,196	120,326			-		-	-
Total	\$485,843	\$236,110	\$721,954	\$278,350	\$55,898	\$334,248	\$2,901,143	\$913,006	\$3,814,149

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

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
2016	\$204,407	\$85,143	\$289,550	\$5,301	\$0	\$5,301	\$8,604	\$0	\$8,604
2017	210,067	79,483	289,550	5,301	-	5,301	8,604	-	8,604
2018	215,884	73,666	289,550	5,301	-	5,301	8,604	-	8,604
2019	221,861	67,689	289,550	5,301	-	5,301	8,604	-	8,604
2020	228,005	61,545	289,550	5,301	-	5,301	8,604	-	8,604
2021- 2025	1,238,291	209,459	1,447,750	26,504	-	26,504	43,020	-	43,020
2026- 2030	828,333	40,317	868,650	26,504	-	26,504	43,020	-	43,020
2031- 2035			-	10,601	-	10,601	43,020	-	43,020
2036- 2041		-	-		-	-	43,020	-	43,020
2042- 2046		-	-		-	-	21,516	-	21,516
Total	\$3,146,848	\$617,302	\$3,764,150	\$90,114	\$0	\$90,114	\$236,616	\$0	\$236,616

Year Ending December	OPWC Loan CM25P Lawn, Jackson, Grove Waterline			OPWC Loan CM27R Garmatter Waterline		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$9,831	\$0	\$9,831	\$2,888	\$0	\$2,888
2017	9,831	-	9,831	2,888	-	2,888
2018	9,831	-	9,831	2,888	-	2,888
2019	9,831	-	9,831	2,888	-	2,888
2020	9,831	-	9,831	2,888	-	2,888
2021- 2025	49,155	-	49,155	14,440	-	14,440
2026- 2030	49,155	-	49,155	14,440	-	14,440
2031- 2035	49,155		49,155	14,440		14,440
2036- 2041	49,155	-	49,155	14,440	-	14,440
2042- 2046	24,566	-	24,566	14,452	-	14,452
Total	\$270,341	\$0	\$270,341	\$86,652	\$0	\$86,652

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

Note 11 – Interfund Transfers

Fund	2015		2014	
	Transfer In	Transfer Out	Transfer In	Transfer Out
General	\$ 15,500	\$ (841,200)	\$ 9,668	\$ (842,068)
Street	275,000		350,000	
Airport Improvement	30,000			
Fire & Rescue	-		90,000	
Other Governmental	180,700		142,400	
Water	340,000	(505,230)	250,000	(558,229)
Sewer		(210,857)		(265,773)
Sewer Debt Service Reserve			19,773	
Sewer Debt Service	210,857		246,000	
Water Debt Service	505,230		558,229	
Water/ Sewer Improvement			-	
Total	\$ 1,557,287	\$ (1,557,287)	\$ 1,666,070	\$ (1,666,070)

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The general fund transfers to the other governmental funds were made to provide additional resources for current operations and capital improvements.

Note 12 – Contingent Liabilities

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

Note 13 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

Note 13 – Fund Balances (Continued)

2015 Fund Balances	General Fund	Town Hall Improvement	Street	Airport Improvement	Other Governmental Funds	Total
Nonspendable						
Unclaimed Funds	\$ 225					\$ 225
<i>Total Nonspendable</i>	225	0	0	0	0	225
Restricted for						
Town Hall Improvements		\$ 370,521				370,521
Fire & Rescue Improvements					\$ 124,672	124,672
Street Construction & Maintenance			\$ 134,887			134,887
State Highway					42,282	42,282
Cemetery					15,297	15,297
Benroth Memorial Bridge					535	535
Mayor's Court Computer					5,113	5,113
DUI Enforcement					269	269
Swimming Pool Debt Service					863	863
Special Assessments					1,866	1,866
Permanent Fund Cemetery Trust					1,851	1,851
Airport Improvement				\$ 6,287		6,287
Storm Sewer Improvement					28,669	28,669
Infrastructure Improvement					25,742	25,742
<i>Total Restricted</i>	0	370,521	134,887	6,287	247,159	758,854
Assigned to						
Communications	6,960					6,960
Community Events	5,881					5,881
Park	6,182					6,182
Utility Recovery	16,460					16,460
<i>Total Assigned</i>	35,483	0	0	0	0	35,483
Unassigned (deficits):	2,391,961					2,391,961
<i>Total Fund Balances</i>	<u>\$ 2,427,669</u>	<u>\$ 370,521</u>	<u>\$ 134,887</u>	<u>\$ 6,287</u>	<u>\$ 247,159</u>	<u>\$ 3,186,523</u>

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

Note 13 – Fund Balances (Continued)

2014 Fund Balances	General Fund	Town Hall Improvement	Street	Fire & Rescue Improvement	Other Governmental Funds	Total
Nonspendable						
Unclaimed Funds	\$ 225					\$ 225
<i>Total Nonspendable</i>	225	0	0	0	0	225
Restricted for						
Town Hall Improvements		\$ 334,938				334,938
Fire & Rescue Improvements				\$ 56,075		56,075
Street Construction & Maintenance			\$ 132,382			132,382
State Highway					\$ 46,211	46,211
Cemetery					15,621	15,621
Benroth Memorial Bridge					535	535
Mayor's Court Computer					5,113	5,113
DUI Enforcement					219	219
Swimming Pool Debt Service					863	863
Special Assessments					1,866	1,866
Permanent Fund Cemetery Trust					1,851	1,851
Airport Improvement					54,961	54,961
Storm Sewer Improvement					54,107	54,107
Infrastructure Improvement					21,586	21,586
<i>Total Restricted</i>	0	334,938	132,382	56,075	202,933	726,328
Assigned to						
Communications	6,960					6,960
Community Events	5,881					5,881
Park	4,581					4,581
Utility Recovery	16,460					16,460
<i>Total Assigned</i>	33,882	0	0	0	0	33,882
Unassigned (deficits):	2,350,429					2,350,429
<i>Total Fund Balances</i>	\$ 2,384,536	\$ 334,938	\$ 132,382	\$ 56,075	\$ 202,933	\$ 3,110,864

Note 14 – Subsequent Events

One June 6, 2016, Council passed Ordinance No. 07-16: accepting a bid of \$1,444,767.50 with Beaverdam Contracting, Inc. for the west side interceptor sanitary sewer. Also on June 6, 2016, Council passed Ordinance No. 08-16 accepting a bid of \$1,674,000.00 with Peterson Construction Company for the Waste Water Treatment headworks improvements.

On June 20, 2016, Council approved a loan agreement with Citizens National Bank and First National Bank of Pandora for the West Side Interceptor project. The total loan amount approved was \$3,118,767.50 with an interest rate of 3.968% for a 20 year term.

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Dave Yost • Auditor of State

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 cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Bluffton, Allen and Hancock Counties, (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated February 6, 2017, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2015-001 and 2015-002 to be material weaknesses.

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Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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*.

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 communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

February 6, 2017

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-001

MATERIAL WEAKNESS

Bank to Book Reconciliation

Cash is the asset most susceptible to theft and misappropriation therefore appropriate controls over cash should exist at the Village. Monthly reconciliations between the book balances and the bank and investment accounts is a key control that provides a reasonable assurance that all receipts and disbursements have been accurately and completely recorded in the accounting records and processed by the financial institutions. Additionally, an accurate and complete reconciliation provides the Village with a picture of the financial position at month-end.

The book balance did not reconcile with the bank during any month in 2015 or 2014. The December 2015 book balance was \$21,799 less than the reconciled bank balance and the December 2014 book balance was \$39,533 less than the reconciled bank balance. Unexplained bank to book reconciliation errors reduce accountability and increase the risk that irregularities will not be detected timely. Significant unrecorded deposits add an unnecessary reconciling item that further increases risk of errors and/or irregularities. Unrecorded deposits for utility revenue that were in the bank as of year-end for 2015 and 2014 were \$19,629 and \$35,721, respectively for each year. Additionally, when the bank balance is greater than the book balance there is the impression that money collected has not been properly accounted for by the Village.

The variances in the bank to book reconciliations were not resolved through the December 2016 reconciliation. The December 2016 variance was \$24,057.

Bank reconciliations should be prepared timely and reviewed for accuracy. The reconciling items should be identified and adjusted at the time the reconciling item or error is discovered. All un-reconciled balances should be researched to determine the source of the error. All reconciling items and errors should be corrected on the Village's accounting system following the completion of the reconciliation. Support should be maintained for adjustments necessary to eliminate variances between the book balances and bank and investment accounts. Utility deposit receipts should be provided to the Fiscal Officer in a timely manner for recording in the general ledger to eliminate/reduce this reconciling item. Village Council should be provided with the monthly bank to book reconciliations for review and, if appropriate, approval. Finally, the review and approval of the bank to book reconciliations should be documented in the minutes.

FINDING NUMBER 2015-002

MATERIAL WEAKNESS

Accuracy of Financial Reporting

Transactions were posted to the accounting records and annual reports; however, not all transactions were posted to the correct funds or line item accounts. The following errors were identified in December 31, 2015 financial statements:

- The Sewer Debt Service Fund did not properly report loan refinancing in the amount of \$2,948,700 as principal payments and loan proceeds. This affected the fund statement and the statement of activities.
- The Water Debt Service Fund did not properly report interest payments made, resulting in an overstatement of interest and fiscal charges in the amount of \$3,000.
- In the General Fund, an EMS receipt in the amount of \$627, was not properly recorded on the financial statements in the charges for services line item. This also affected the statement of activities.
- The Street Fund budget and actual statement did not properly report the beginning cash fund balance resulting in an overstatement of the original, final and actual balance of \$12,374. In addition, the prior encumbrances were understated in the amount of \$5,266 for the original and final and \$5,357 for the actual.
- The General Fund budget and actual statement did not properly report the beginning cash fund balance resulting in an overstatement of the original, final and actual balance of \$59,640. In addition, the prior encumbrances were understated in the amount of \$26,818 for the original and final and \$40,593 for the actual. The General Fund actual disbursements were understated in total by \$82,631 in various line items.
- The statement of activities did not properly report grants and entitlements of \$125,559, charges for services of \$40,011, property taxes of \$297 and operating grants of \$202,430.
- In 2014, the Council approved a transfer of funds in the amount of \$50,000 between the Water Fund and the Water Debt Service Fund, which was not recorded on the financials. This adjustment was also made to correct the 2015 fund balance as presented for the Water Fund and Water Debt Service Fund balances.
- The Sewer Debt Service Fund was not correctly classified as a major fund in the financial statements resulting in adjustments to the statement of activities and the proprietary fund statements. The statement of activities other enterprise cash disbursements were reclassified as Sewer Debt Service cash disbursements in the amount of \$208,758. For the proprietary fund statements the following amounts were reclassified from Other Enterprise Funds to Sewer Debt Service Fund: beginning balance \$42,027, transfers in \$210,857, principal payments \$47,558, interest and other fiscal charges \$161,200 and ending fund balance \$44,126.
- An adjustment to the General Fund that affected the statement of activities was made to increase fund balance by \$5,180 due to adjustments from 2014 for correcting property taxes and cigarette tax receipts previously recorded.

**FINDING NUMBER 2015-002
(Continued)**

The following errors were identified in December 31, 2014 financial statements:

- The Equipment Replacement Fund reported principal retirement payments in the amount of \$15,265 improperly as basic utility service disbursements instead of debt service principal retirement.
- The June 2014 cigarette tax payment was received but not properly recorded in the General Fund of the Village in the amount of \$113 in intergovernmental receipts.
- The March 2014 property tax settlement from Allen County was overstated when posted to the Village system in the amount of \$5,067 for the property taxes line item.
- In 2014, the Council approved a transfer of funds in the amount of \$50,000 between the Water Fund and the Water Debt Service fund, which was not recorded on the financials.
- In the General Fund, an expense was shown as a transfer instead of general government in the amount of \$15,000.
- The Street Fund budget and actual statement understated the final budgeted transportation disbursement line item in the amount of \$41,625 and overstated the beginning cash fund balance in the amount of \$16,912.
- The General Fund budget and actual statement did not properly report the beginning cash fund balance resulting in an understatement of the original and final balance of \$289,252 and overstatement of the actual balance of \$66,778. In addition, the prior encumbrances were understated in the amount of \$18,293 for the final and \$38,577 for the actual.

In addition, the notes to the annual financial statements required modification to correct the pension and debt disclosures. Modification was also necessary for Management's Discussion and Analysis. The accompanying financial statements, notes, and Management's Discussion and Analysis have been adjusted to correct these errors. Applicable corrections have also been made to the Village's records.

Errors in the financial statements and supporting ledgers inhibit the ability of both the Fiscal Officer and Council to monitor financial activity and to make sound financial decisions. Reliance on financial information that contains errors could result in noncompliance with laws and regulations applicable to the Village. In addition, financial information with errors reduces the likelihood that irregularities will be detected in a timely manner. Since the notes to the financial statements further the understanding of the financial statements, errors or omissions impact the users understanding of the financial statements and the Village.

The errors identified above should be reviewed by the Fiscal Officer to provide that similar errors are not recorded in the accounting records and financial statements in subsequent years. Also, the Fiscal Officer should review the annual notes to the financial statements for accuracy and completeness. Council should periodically review the accounting records to help identify and correct errors prior to completion of the annual financial statements. In addition, the Fiscal Officer should provide Council with monthly financial reports that at a minimum include budget versus actual receipts and disbursements, fund balances, and the bank to book reconciliations. Evidence of the review and approval of the financial reports should be noted in the minutes. Also, the Fiscal Officer should review governmental accounting resources such as those found on the Auditor of State Website at <https://ohioauditor.gov/>, for guidance in recording of financial activity.

OFFICIAL'S RESPONSE: We did not receive a response from Officials to the findings reported above.

VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES

SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2015 AND 2014

Finding Number	Finding Summary	Status	Additional Information
2013-001	Accuracy of Financial Reporting	Not Corrected	Repeat revised 2015-002
2013-002	Bank to Book Reconciliations	Not Corrected	Repeat 2015-001



Dave Yost • Auditor of State

VILLAGE OF BLUFFTON

ALLEN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 11, 2017