



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF BLUFFTON
ALLEN COUNTY
DECEMBER 31, 2023 AND 2022**

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OHIO AUDITOR OF STATE KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

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

To the Members of Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Bluffton, Allen and Hancock Counties, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined totals as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023 and 2022, or the changes in financial position thereof for the years then ended.

Basis for Opinions

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

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

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

Emphasis of Matter

As discussed in Note 12 to the 2023 financial statements and Note 13 to the 2022 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2024, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 20, 2024

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Village of Bluffton, Ohio
Allen County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2023

| | General | Special Revenue | Debt Service | Capital Projects | Combined Total |
|---|--------------------|--------------------|-----------------|---------------------|--------------------|
| Cash Receipts | | | | | |
| Property and Other Local Taxes | \$249,479 | | | | \$249,479 |
| Municipal Income Tax | 2,806,956 | | | | 2,806,956 |
| Intergovernmental | 220,687 | \$245,320 | | \$83,731 | 549,738 |
| Special Assessments | 25,884 | 55,995 | | | 81,879 |
| Charges for Services | 590,364 | 21,974 | | | 612,338 |
| Fines, Licenses and Permits | 2,776 | | | | 2,776 |
| Earnings on Investments | 182,536 | 25,183 | | | 207,719 |
| Miscellaneous | 59,166 | 52,259 | | | 111,425 |
| <i>Total Cash Receipts</i> | <u>4,137,848</u> | <u>400,731</u> | <u>0</u> | <u>83,731</u> | <u>4,622,310</u> |
| Cash Disbursements | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 1,288,100 | 25,619 | | | 1,313,719 |
| Public Health Services | 31,434 | 26,213 | | | 57,647 |
| Leisure Time Activities | 131,327 | 47,840 | | | 179,167 |
| Community Environment | 19,490 | 11,741 | | | 31,231 |
| Transportation | 68,023 | 322,392 | | | 390,415 |
| General Government | 810,770 | | | | 810,770 |
| Capital Outlay | 83,477 | 821,284 | | 202,561 | 1,107,322 |
| Debt Service: | | | | | |
| Principal Retirement | | 20,106 | | | 20,106 |
| Interest and Fiscal Charges | | 2,901 | | | 2,901 |
| <i>Total Cash Disbursements</i> | <u>2,432,621</u> | <u>1,278,096</u> | <u>0</u> | <u>202,561</u> | <u>3,913,278</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>1,705,227</u> | <u>(877,365)</u> | <u>0</u> | <u>(118,830)</u> | <u>709,032</u> |
| Other Financing Receipts (Disbursements) | | | | | |
| Loans Issued | | 146,357 | | | 146,357 |
| Transfers In | | 870,000 | | 240,000 | 1,110,000 |
| Transfers Out | (1,210,000) | | | | (1,210,000) |
| Advances In | 607,888 | | | | 607,888 |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(602,112)</u> | <u>1,016,357</u> | <u>0</u> | <u>240,000</u> | <u>654,245</u> |
| <i>Net Change in Fund Cash Balances</i> | <u>1,103,115</u> | <u>138,992</u> | <u>0</u> | <u>121,170</u> | <u>1,363,277</u> |
| <i>Fund Cash Balances, January 1</i> | <u>1,297,537</u> | <u>578,259</u> | <u>\$2,729</u> | <u>967,869</u> | <u>2,846,394</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$2,400,652</u> | <u>\$717,251</u> | <u>\$2,729</u> | <u>\$1,089,039</u> | <u>\$4,209,671</u> |

See accompanying notes to the basic financial statements

Village of Bluffton, Ohio
Allen County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2023

| | Enterprise |
|---|-------------------------|
| Operating Cash Receipts | |
| Charges for Services | \$2,142,827 |
| Miscellaneous | 721 |
| <i>Total Operating Cash Receipts</i> | <u>2,143,548</u> |
| Operating Cash Disbursements | |
| Personal Services | 220,058 |
| Employee Fringe Benefits | 88,858 |
| Contractual Services | 1,195,172 |
| Supplies and Materials | 399,124 |
| <i>Total Operating Cash Disbursements</i> | <u>1,903,212</u> |
| <i>Operating Income</i> | <u>240,336</u> |
| Non-Operating Receipts (Disbursements) | |
| Property and Other Local Taxes | 701,739 |
| Intergovernmental Receipts | 48,924 |
| Loans Issued | 748,115 |
| Capital Outlay | (883,108) |
| Principal Retirement | (806,110) |
| Interest and Other Fiscal Charges | (243,902) |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(434,342)</u> |
| <i>(Loss) Before Transfers</i> | (194,006) |
| Transfers In | 500,000 |
| Transfers Out | (400,000) |
| Advances Out | (607,888) |
| <i>Net Change in Fund Cash Balances</i> | (701,894) |
| <i>Fund Cash Balances, January 1</i> | <u>1,585,917</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$884,023</u></u> |

See accompanying notes to the basic financial statements

Village of Bluffton, Ohio
Allen County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2023

| | Private Purpose Trust |
|---|--------------------------|
| <i>Fund Cash Balances, January 1</i> | <u>\$1,851</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$1,851</u></u> |
| <i>See accompanying notes to the basic financial statements</i> | |

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Village of Bluffton, Ohio
Allen & Hancock Counties
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Village of Bluffton (the Village), Allen & Hancock Counties, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department and emergency medical squad.

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

Public Entity Risk Pool and Jointly Governed Organization

The Village participates in a public entity risk pool and a jointly governed organization. Notes 6 and 13 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

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

Village of Bluffton, Ohio
Allen & Hancock Counties
Notes to the Financial Statements
For the Year Ended December 31, 2023

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

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

Swimming Pool Fund The Swimming Pool Fund accounts for transfers from the General Fund for improvements to the swimming pool.

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

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

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

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

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

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

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

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

The Village has no investment trust funds or custodial funds. The Village's private purpose trust funds are for the benefit of certain individuals in order to maintain family grave sites.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis.

Village of Bluffton, Ohio
Allen & Hancock Counties
Notes to the Financial Statements
For the Year Ended December 31, 2023

The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and department level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

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

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

During 2023, the Village invested in nonnegotiable certificates of deposit, money market funds, 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, 2023.

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, 2023.

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 2023 were \$182,536.

Village of Bluffton, Ohio
Allen & Hancock Counties
Notes to the Financial Statements
For the Year Ended December 31, 2023

Capital Assets

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

Accumulated Leave

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

Subscription-Based information Technology Arrangements (SBITA's)

The Village has entered into noncancelable Subscription-Based information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems. Subscription disbursements are recognized when they are paid.

Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2023, distributions of \$964 are reflected as miscellaneous revenue in the OneOhio Opioid Special Revenue Fund in the accompanying financial statements.

Fund Balance

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

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

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

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

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

Village of Bluffton, Ohio
Allen & Hancock Counties
Notes to the Financial Statements
For the Year Ended December 31, 2023

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

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

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2023 follows:

| Budgeted vs. Actual Receipts | | | |
|------------------------------|----------------------|---------------------|------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$4,215,916 | \$4,745,736 | \$529,820 |
| Special Revenue | 1,666,827 | 1,417,088 | (249,739) |
| Debt Service | 0 | 0 | 0 |
| Capital Projects | 345,000 | 323,731 | (21,269) |
| Enterprise | 4,183,180 | 4,142,326 | (40,854) |
| Private Purpose Trust | 0 | 0 | 0 |
| Total | <u>\$10,410,923</u> | <u>\$10,628,881</u> | <u>\$217,958</u> |

| Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|--|----------------------------|---------------------------|--------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$3,806,392 | \$3,675,743 | \$130,649 |
| Special Revenue | 2,063,230 | 1,375,302 | 687,928 |
| Debt Service | 0 | 0 | 0 |
| Capital Projects | 372,890 | 279,320 | 93,570 |
| Enterprise | 5,070,143 | 4,950,799 | 119,344 |
| Private Purpose Trust | 0 | 0 | 0 |
| Total | <u>\$11,312,655</u> | <u>\$10,281,164</u> | <u>\$1,031,491</u> |

Village of Bluffton, Ohio
Allen & Hancock Counties
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 – Deposits and Investments

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

Cash Management Pool:

| | |
|--|---------------------------|
| Demand deposits | \$3,981,908 |
| Certificates of deposit | <u>1,093,241</u> |
| Total deposits | <u>5,075,149</u> |
| Investments | |
| STAR Ohio | <u>16,947</u> |
| Total investments | <u>16,947</u> |
| Total carrying amount of deposits and investments held in the Pool | <u><u>\$5,092,096</u></u> |

The Village also held a balance of \$3,450 in petty cash on hand at December 31, 2023.

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the village is holding \$18,333 in unremitted employee payroll withholdings.

Deposits

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

Investments

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

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Village of Bluffton, Ohio
Allen & Hancock Counties
Notes to the Financial Statements
For the Year Ended December 31, 2023

Income Taxes

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

Note 6 – Risk Management

Workers' Compensation

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

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village of Bluffton's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

–The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

| | |
|-----------------------|--------------|
| | <u>2023</u> |
| Cash and investments | \$43,996,442 |
| Actuarial liabilities | \$18,743,401 |

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

Village of Bluffton, Ohio
Allen & Hancock Counties
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. OPERS law enforcement members contributed 13 percent of their gross salaries, and the Village contributed an amount equaling 18.1 percent of participants gross salaries. The Village has paid all contributions required through December 31, 2023.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2023.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Village of Bluffton, Ohio
Allen & Hancock Counties
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt

Debt outstanding at December 31, 2023, was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|--|--------------------|----------------------|
| Ohio Water Development Authority Loan (OWDA) | \$2,447,179 | 2.75% to 5.77% |
| Ohio Public Works Commission (OPWC) | 1,990,264 | 0% |
| First National Bank | 141,497 | 4.71% |
| Citizens National Bank (West Side & Sewer Plant) | 3,884,689 | 3.90% to 3.97% |
| Total | <u>\$8,463,629</u> | |

The Ohio Water Development Authority (OWDA) 3207 Water System Improvements loan relates to the construction of two water towers. The loan will be repaid in semiannual installments over 25 years. The loan is secured by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. This loan is paid out of the Water and Sewer Improvement fund.

The Ohio Water Development Authority (OWDA) 3736 WWTP loan relates to the construction of a new wastewater treatment plant that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments over 30 years. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. This loan is paid out of the Water and Sewer Improvement fund.

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

The Ohio Public Works Commission (OPWC) loans relate to construction of new waterlines and road reconstruction. These are interest free loans. All OPWC loans are paid out of the Water and Sewer Improvement Fund except loans CM25X for Jefferson Street reconstruction and CM15Z for Bentley Road re-alignment, which are being repaid from the Street fund.

The First National Bank loan relates to the construction of waterline replacements. The interest rate for this loan reset to 4.71% in 2019. The loan is paid out of the Water and Sewer Improvement fund.

The Citizens National Bank loans were obtained for the purpose of refinancing the costs of constructing a new wastewater treatment plant and financing the west side interceptor. The loans will be repaid over 15 years. Payments will be remitted on a monthly basis. The loans are paid out of the Water and Sewer Improvement fund.

The OWDA Jefferson St. Phase II and the OPWC Jefferson St. Phase II loans are for the Jefferson Street Phase II construction project completed in 2021. These loans have semi-annual payments to be paid back over terms of 20 years. The loans are to be paid out of the Water and Sewer Improvement Fund and the Special Revenue Street Fund.

Village of Bluffton, Ohio
Allen & Hancock Counties
Notes to the Financial Statements
For the Year Ended December 31, 2023

Amortization

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

| Year Ending December | OPWC (CM261) Main St. Waterline | | | OWDA Loan (3207) Water System | | | Citizens National Bank Loan West Side Interceptor | | |
|----------------------|------------------------------------|----------|----------|----------------------------------|----------|-----------|--|-----------|-------------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2024 | \$20,312 | | \$20,312 | \$118,684 | \$13,923 | \$132,607 | \$134,742 | \$91,473 | \$226,215 |
| 2025 | 20,312 | | 20,312 | 125,631 | 9,107 | 134,738 | 140,449 | 85,766 | 226,215 |
| 2026 | 20,312 | | 20,312 | 133,004 | 3,989 | 136,993 | 146,124 | 80,091 | 226,215 |
| 2027 | 20,312 | | 20,312 | | | | 152,029 | 74,186 | 226,215 |
| 2028 | 10,156 | | 10,156 | | | | 157,975 | 68,240 | 226,215 |
| 2029-2033 | | | | | | | 891,893 | 239,182 | 1,131,075 |
| 2034-2038 | | | | | | | 737,024 | 53,511 | 790,535 |
| Total | \$91,404 | | \$91,404 | \$377,319 | \$27,019 | \$404,338 | \$2,360,236 | \$692,449 | \$3,052,685 |

| 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 |
| 2024 | \$25,647 | \$12,467 | \$38,114 | \$ 20,581 | \$ 6,534 | \$27,115 | \$204,113 | \$55,943 | \$260,056 |
| 2025 | 26,851 | 11,429 | 38,280 | 21,593 | 5,522 | 27,115 | 212,375 | 47,681 | 260,056 |
| 2026 | 28,111 | 10,343 | 38,454 | 22,636 | 4,479 | 27,115 | 220,800 | 39,255 | 260,055 |
| 2027 | 29,431 | 9,205 | 38,636 | 23,730 | 3,385 | 27,115 | 229,560 | 30,496 | 260,056 |
| 2028 | 30,812 | 8,014 | 38,826 | 24,871 | 2,244 | 27,115 | 238,600 | 21,456 | 260,056 |
| 2029-2033 | 177,160 | 20,158 | 197,318 | 28,086 | 1,036 | 29,122 | 419,005 | 14,422 | 433,427 |
| 2034-2038 | | | | | | | | | |
| 2039-2043 | | | | | | | | | |
| Total | \$318,012 | \$71,616 | \$389,628 | \$141,497 | \$23,200 | \$164,697 | \$1,524,453 | \$209,253 | \$1,733,706 |

| 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 |
| 2024 | \$254,326 | \$35,224 | \$289,550 | \$5,301 | | \$5,301 | \$ 8,604 | | \$ 8,604 |
| 2025 | 261,368 | 28,182 | 289,550 | 5,301 | | 5,301 | 8,604 | | 8,604 |
| 2026 | 268,605 | 20,945 | 289,550 | 5,301 | | 5,301 | 8,604 | | 8,604 |
| 2027 | 276,042 | 13,508 | 289,550 | 5,301 | | 5,301 | 8,604 | | 8,604 |
| 2028 | 283,686 | 5,864 | 289,550 | 5,301 | | 5,301 | 8,604 | | 8,604 |
| 2029-2033 | | | | 23,854 | | 23,854 | 43,021 | | 43,021 |
| 2034-2038 | | | | | | | 43,021 | | 43,021 |
| 2039-2043 | | | | | | | 43,021 | | 43,021 |
| 2044-2048 | | | | | | | | | |
| Total | \$1,344,027 | \$103,723 | \$1,447,750 | \$50,359 | | \$50,359 | \$172,083 | | \$172,083 |

| Year Ending December | OPWC Loan (CM25P) Lawn, Jackson, Grove Waterline Replacement | | | OPWC Loan (CM27R) Garmatter Waterline | | | OPWC Loan (CM23V) West Elm St. Improvements | | |
|----------------------|--|----------|-----------|--|----------|----------|--|----------|-----------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2024 | \$9,831 | | \$9,831 | \$2,888 | | \$2,888 | \$14,906 | | \$14,906 |
| 2025 | 9,831 | | 9,831 | 2,888 | | 2,888 | 14,906 | | 14,906 |
| 2026 | 9,831 | | 9,831 | 2,888 | | 2,888 | 14,906 | | 14,906 |
| 2027 | 9,831 | | 9,831 | 2,888 | | 2,888 | 14,906 | | 14,906 |
| 2028 | 9,831 | | 9,831 | 2,888 | | 2,888 | 14,906 | | 14,906 |
| 2029-2033 | 49,153 | | 49,153 | 14,442 | | 14,442 | 74,531 | | 74,531 |
| 2034-2038 | 49,153 | | 49,153 | 14,442 | | 14,442 | 74,531 | | 74,531 |
| 2039-2043 | 49,153 | | 49,153 | 14,442 | | 14,442 | 29,812 | | 29,812 |
| 2044-2048 | | | | 7,221 | | 7,221 | | | |
| Total | \$196,614 | | \$196,614 | \$64,987 | | \$64,987 | \$253,404 | | \$253,404 |

Village of Bluffton, Ohio
Allen & Hancock Counties
Notes to the Financial Statements
For the Year Ended December 31, 2023

| Year Ending December | OPWC Loan (CM23W) Jefferson St. Phase I | | | OWDA Loan (9182) Jefferson St. Phase II | | | OPWC Loan (CM25X) Jefferson St. Phase II | | |
|-------------------------|--|----------|----------|--|----------|-----------|---|----------|-----------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2024 | \$5,041 | | \$5,041 | \$19,648 | \$5,207 | \$24,855 | \$9,797 | | \$9,797 |
| 2025 | 5,041 | | 5,041 | 19,903 | 4,953 | 24,856 | 9,797 | | 9,797 |
| 2026 | 5,041 | | 5,041 | 20,161 | 4,695 | 24,856 | 9,797 | | 9,797 |
| 2027 | 5,041 | | 5,041 | 20,422 | 4,433 | 24,855 | 9,797 | | 9,797 |
| 2028 | 5,041 | | 5,041 | 20,687 | 4,168 | 24,855 | 9,797 | | 9,797 |
| 2029-2033 | 25,203 | | 25,203 | 107,529 | 16,749 | 124,278 | 48,984 | | 48,984 |
| 2034-2038 | 25,203 | | 25,203 | 114,683 | 9,595 | 124,278 | 48,984 | | 48,984 |
| 2039-2043 | 10,081 | | 10,081 | 84,788 | 2,206 | 86,994 | 34,288 | | 34,288 |
| Total | \$85,692 | | \$85,692 | \$407,821 | \$52,006 | \$459,827 | \$181,241 | | \$181,241 |

| Year Ending December | OPWC Loan (CM08AA) Geiger St. Water Replacement | | | OPWC Loan (CM13AA) Garau St. Water Replacement | | |
|-------------------------|--|----------|----------|---|----------|----------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2024 | \$2,873 | | \$2,873 | \$2,349 | | \$2,349 |
| 2025 | 2,873 | | 2,873 | 2,349 | | 2,349 |
| 2026 | 2,873 | | 2,873 | 2,349 | | 2,349 |
| 2027 | 2,873 | | 2,873 | 2,349 | | 2,349 |
| 2028 | 2,873 | | 2,873 | 2,349 | | 2,349 |
| 2029-2033 | 14,365 | | 14,365 | 11,745 | | 11,745 |
| 2034-2038 | 14,365 | | 14,365 | 11,745 | | 11,745 |
| 2039-2043 | 14,365 | | 14,365 | 11,745 | | 11,745 |
| 2044-2048 | 14,365 | | 14,365 | 11,745 | | 11,745 |
| 2049-2053 | 14,365 | | 14,365 | 11,745 | | 11,745 |
| Total | \$86,190 | | \$86,190 | \$70,470 | | \$70,470 |

| Year Ending December | OPWC Loan (CM15Z) Bentley Road Realignment | | | OPWC Loan (CM16Z) Jackson Water Main | | | OPWC Loan (CM13Z) Sanitary Replacement | | |
|-------------------------|---|----------|-----------|---|----------|-----------|---|----------|-----------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2024 | \$7,318 | | \$7,318 | \$10,689 | | \$10,689 | \$9,027 | | \$9,027 |
| 2025 | 7,318 | | 7,318 | 10,689 | | 10,689 | 9,027 | | 9,027 |
| 2026 | 7,318 | | 7,318 | 10,689 | | 10,689 | 9,027 | | 9,027 |
| 2027 | 7,318 | | 7,318 | 10,689 | | 10,689 | 9,027 | | 9,027 |
| 2028 | 7,318 | | 7,318 | 10,689 | | 10,689 | 9,027 | | 9,027 |
| 2029-2033 | 36,589 | | 36,589 | 53,444 | | 53,444 | 45,133 | | 45,133 |
| 2034-2038 | 36,589 | | 36,589 | 53,444 | | 53,444 | 45,133 | | 45,133 |
| 2039-2043 | 36,589 | | 36,589 | 53,444 | | 53,444 | 45,133 | | 45,133 |
| 2044-2048 | | | | 106,886 | | 108,886 | 90,266 | | 90,266 |
| Total | \$146,357 | | \$146,357 | \$320,663 | | \$320,663 | \$270,800 | | \$270,800 |

Note 10 - Contingent Liabilities

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

Village of Bluffton, Ohio
Allen & Hancock Counties
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 11 – Fund Balances

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

| <u>Fund Balances</u> | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total</u> |
|--------------------------|-----------------|----------------------------|-------------------------|-----------------------------|------------------|
| Nonspendable: | | | | | |
| Unclaimed Monies | \$225 | | | | \$225 |
| Outstanding Encumbrances | <u>33,122</u> | <u>\$97,206</u> | <u>\$0</u> | <u>\$76,759</u> | <u>207,087</u> |
| <i>Total</i> | <u>\$33,347</u> | <u>\$97,206</u> | <u>\$0</u> | <u>\$76,759</u> | <u>\$207,312</u> |

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

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended in April 2023. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

During 2023, the Village charges expenditures to the Local Fiscal Recovery Fund. The Water/Sewer Improvement fund billed the Local Fiscal Recovery fund for these costs. The Water/Sewer Improvement fund is reflecting this receipt of \$48,924 as Intergovernmental revenue in the accompanying financial statements.

Note 13 – Jointly Governed Organization

The Lima-Allen County Regional Planning Commission, Allen County (the Commission) was organized in 1964 under Section 713.21 of the Ohio Revised Code. The Commission is governed by a thirty-three member board. The Board consists of representatives from participating political subdivisions, the County commissioners and appointed citizens. The Commission serves the County by performing studies and making maps, preparing recommendations and reports related to the physical, environmental, social, economic and governmental characteristics, functions and services of the County. Financial information can be obtained from Rebecca Phillips, Finance Director, 130 West North Street, Lima, OH 45801, calling 419-228-1836, or email: rphillips@lacrpc.com.

Village of Bluffton, Ohio
Allen County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

| | General | Special Revenue | Debt Service | Capital Projects | Combined Total |
|---|--------------------|--------------------|-----------------|---------------------|--------------------|
| Cash Receipts | | | | | |
| Property and Other Local Taxes | \$229,947 | | | | \$229,947 |
| Municipal Income Tax | 2,507,592 | | | | 2,507,592 |
| Intergovernmental | 185,862 | \$456,780 | | \$136,312 | 778,954 |
| Special Assessments | 14,901 | 46,008 | | | 60,909 |
| Charges for Services | 355,101 | 30,607 | | | 385,708 |
| Fines, Licenses and Permits | 2,790 | 246 | | | 3,036 |
| Earnings on Investments | 58,744 | 8,045 | | | 66,789 |
| Miscellaneous | 34,519 | 83,676 | | 16,661 | 134,856 |
| <i>Total Cash Receipts</i> | <u>3,389,456</u> | <u>625,362</u> | <u>0</u> | <u>152,973</u> | <u>4,167,791</u> |
| Cash Disbursements | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 1,167,897 | 11,346 | | | 1,179,243 |
| Public Health Services | 23,196 | 39,921 | | | 63,117 |
| Leisure Time Activities | 108,523 | 31,745 | | | 140,268 |
| Community Environment | 14,700 | 21,867 | | | 36,567 |
| Transportation | 67,780 | 304,201 | | | 371,981 |
| General Government | 758,015 | | | | 758,015 |
| Capital Outlay | 34,018 | 622,707 | | 324,169 | 980,894 |
| Debt Service: | | | | | |
| Principal Retirement | | 9,955 | | | 9,955 |
| Interest and Fiscal Charges | | 1,470 | | | 1,470 |
| <i>Total Cash Disbursements</i> | <u>2,174,129</u> | <u>1,043,212</u> | <u>0</u> | <u>324,169</u> | <u>3,541,510</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>1,215,327</u> | <u>(417,850)</u> | <u>0</u> | <u>(171,196)</u> | <u>626,281</u> |
| Other Financing Receipts (Disbursements) | | | | | |
| Transfers In | | 175,500 | | 255,000 | 430,500 |
| Transfers Out | (745,500) | | | | (745,500) |
| Advances Out | (607,888) | | | | (607,888) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(1,353,388)</u> | <u>175,500</u> | <u>0</u> | <u>255,000</u> | <u>(922,888)</u> |
| <i>Net Change in Fund Cash Balances</i> | <u>(138,061)</u> | <u>(242,350)</u> | <u>0</u> | <u>83,804</u> | <u>(296,607)</u> |
| <i>Fund Cash Balances, January 1</i> | <u>1,435,596</u> | <u>820,608</u> | <u>\$2,729</u> | <u>884,064</u> | <u>3,142,997</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$1,297,535</u> | <u>\$578,258</u> | <u>\$2,729</u> | <u>\$967,868</u> | <u>\$2,846,390</u> |

See accompanying notes to the basic financial statements

Village of Bluffton, Ohio
Allen County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2022

| | Enterprise |
|---|---------------------------|
| Operating Cash Receipts | |
| Charges for Services | \$2,123,105 |
| Miscellaneous | 99 |
| <i>Total Operating Cash Receipts</i> | <u>2,123,204</u> |
| Operating Cash Disbursements | |
| Personal Services | 209,136 |
| Employee Fringe Benefits | 90,493 |
| Contractual Services | 1,166,239 |
| Supplies and Materials | 374,508 |
| <i>Total Operating Cash Disbursements</i> | <u>1,840,376</u> |
| <i>Operating Income</i> | <u>282,828</u> |
| Non-Operating Receipts (Disbursements) | |
| Property and Other Local Taxes | 626,319 |
| Intergovernmental Receipts | 135,109 |
| Capital Outlay | (208,363) |
| Principal Retirement | (776,901) |
| Interest and Other Fiscal Charges | (269,402) |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(493,238)</u> |
| <i>(Loss) Before Transfers and Advances</i> | (210,410) |
| Transfers In | 575,000 |
| Transfers Out | (260,000) |
| Advances In | 607,888 |
| <i>Net Change in Fund Cash Balances</i> | 712,478 |
| <i>Fund Cash Balances, January 1</i> | <u>873,439</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$1,585,917</u></u> |

See accompanying notes to the basic financial statements

Village of Bluffton, Ohio
Allen County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2022

| | Private Purpose Trust |
|---|--------------------------|
| <i>Fund Cash Balances, January 1</i> | <u>\$1,851</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$1,851</u></u> |
| <i>See accompanying notes to the basic financial statements</i> | |

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Village of Bluffton, Ohio
Allen & Hancock Counties
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Bluffton (the Village), Allen & Hancock Counties, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department and emergency medical squad.

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

Public Entity Risk Pool and Jointly Governed Organization

The Village participates in a jointly governed organization and public entity risk pool. Notes 7 and 14 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

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

Village of Bluffton, Ohio
Allen & Hancock Counties
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

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

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

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

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

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

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

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

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

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

The Village has no investment trust funds or custodial funds. The Village's private purpose trust funds are for the benefit of certain individuals in order to maintain family grave sites.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

Village of Bluffton, Ohio
Allen & Hancock Counties
Notes to the Financial Statements
For the Year Ended December 31, 2022

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and department level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

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

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

During 2022, the Village invested in nonnegotiable certificates of deposit, money market funds, 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, 2022.

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, 2022.

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 2022 were \$58,744.

Village of Bluffton, Ohio
Allen & Hancock Counties
Notes to the Financial Statements
For the Year Ended December 31, 2022

Capital Assets

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

Accumulated Leave

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

Subscription-Based information Technology Arrangements (SBITA's)

The Village has entered into noncancelable Subscription-Based information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems. Subscription disbursements are recognized when they are paid.

Fund Balance

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

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

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

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

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

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

Village of Bluffton, Ohio
Allen & Hancock Counties
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2022 follows:

| Budgeted vs. Actual Receipts | | | |
|------------------------------|--------------------|--------------------|------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$2,992,785 | \$3,389,456 | \$396,671 |
| Special Revenue | 870,735 | 800,862 | (69,873) |
| Debt Service | 221,296 | 0 | (221,296) |
| Capital Projects | 329,900 | 407,973 | 78,073 |
| Enterprise | 3,852,569 | 4,067,520 | 214,951 |
| Private Purpose Trust | 0 | 0 | 0 |
| Total | <u>\$8,267,285</u> | <u>\$8,665,811</u> | <u>\$398,526</u> |

| Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|--|-------------------------|------------------------|--------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$3,734,930 | \$3,568,858 | \$166,072 |
| Special Revenue | 1,627,755 | 1,077,630 | 550,125 |
| Debt Service | 0 | 0 | 0 |
| Capital Projects | 565,399 | 333,169 | 232,230 |
| Enterprise | 4,091,844 | 4,013,688 | 78,156 |
| Private Purpose Trust | 0 | 0 | 0 |
| Total | <u>\$10,019,928</u> | <u>\$8,993,345</u> | <u>\$1,026,583</u> |

Village of Bluffton, Ohio
Allen & Hancock Counties
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits and Investments

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

Cash Management Pool:

| | |
|--|---------------------------|
| Demand deposits | \$3,343,037 |
| Certificates of deposit | <u>1,071,585</u> |
| Total deposits | <u>4,414,622</u> |
| Investments | |
| STAR Ohio | <u>16,086</u> |
| Total investments | <u>16,086</u> |
| Total carrying amount of deposits and investments held in the Pool | <u><u>\$4,430,708</u></u> |

The Village also held a balance of \$3,450 in petty cash on hand at December 31, 2022.

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the village is holding \$16,968 in unremitted employee payroll withholdings.

Deposits

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

Investments

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

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Village of Bluffton, Ohio
Allen & Hancock Counties
Notes to the Financial Statements
For the Year Ended December 31, 2022

Income Taxes

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

Note 6 – Interfund Balances

Outstanding advances at December 31, 2022, consisted of \$607,888 advanced from the General fund to the Enterprise Water/Sewer Improvement fund to provide working capital for water line replacement projects.

Note 7 – Risk Management

Workers' Compensation

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

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village of Bluffton's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

At the time the footnotes were prepared, the most recent information available as of December 31, 2022. The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

| | |
|-----------------------|--------------|
| | <u>2022</u> |
| Cash and investments | \$42,310,794 |
| Actuarial liabilities | \$15,724,479 |

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

Village of Bluffton, Ohio
Allen & Hancock Counties
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. OPERS law enforcement members contributed 13 percent of their gross salaries, and the Village contributed an amount equaling 18.1 percent of participants gross salaries. The Village has paid all contributions required through December 31, 2022.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

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

Village of Bluffton, Ohio
Allen & Hancock Counties
Notes to the Financial Statements
For the Year Ended December 31, 2022

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 10 – Debt

Debt outstanding at December 31, 2022, was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|--|--------------------|----------------------|
| Ohio Water Development Authority Loan (OWDA) | \$2,850,667 | 2.75% to 5.77% |
| Ohio Public Works Commission (OPWC) | 1,172,505 | 0% |
| First National Bank | 161,186 | 6.50% |
| Citizens National Bank (West Side & Sewer Plant) | 4,210,930 | 3.90% to 3.97% |
| Total | <u>\$8,395,288</u> | |

The Ohio Water Development Authority (OWDA) 3207 Water System Improvements loan relates to the construction of two water towers. The loan will be repaid in semiannual installments over 25 years. The loan is secured by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. This loan is paid out of the Water and Sewer Improvement fund.

The Ohio Water Development Authority (OWDA) 3736 WWTP loan relates to the construction of a new wastewater treatment plant that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments over 30 years. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. This loan is paid out of the Water and Sewer Improvement fund.

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

The Ohio Public Works Commission (OPWC) loans relate to construction of new waterlines and road reconstruction. These are interest free loans. All OPWC loans are paid out of the Water and Sewer Improvement Fund except loan CM25P for Jefferson Street reconstruction, which is being repaid from the Street fund.

The First National Bank loan relates to the construction of waterline replacements. The interest rate for this loan reset to 4.71% in 2022. The loan is paid out of the Water and Sewer Improvement fund.

The Citizens National Bank loans were obtained for the purpose of refinancing the costs of constructing a new wastewater treatment plant and financing the west side interceptor. The loans will be repaid over 15 years. Payments will be remitted on a monthly basis. The loans are paid out of the Water and Sewer Improvement fund.

The OWDA Jefferson St. Phase II and the OPWC Jefferson St. Phase II loans are for the Jefferson Street Phase II construction project completed in 2021.

Village of Bluffton, Ohio
Allen & Hancock Counties
Notes to the Financial Statements
For the Year Ended December 31, 2022

These loans have semi-annual payments to be paid back over terms of 20 years. The loans are to be paid out of the Water and Sewer Improvement Fund and the Special Revenue Street Fund.

Amortization

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

| Year Ending December | OPWC (CM26I) Main St. Waterline | | | OWDA Loan (3207) Water System | | | Citizens National Bank Loan West Side Interceptor | | |
|-------------------------|------------------------------------|----------|-----------|----------------------------------|----------|-----------|--|-----------|-------------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2023 | \$20,312 | | \$20,312 | \$112,121 | \$18,472 | \$130,593 | \$129,760 | \$96,455 | \$226,215 |
| 2024 | 20,312 | | 20,312 | 118,684 | 13,923 | 132,607 | 134,742 | 91,473 | 226,215 |
| 2025 | 20,312 | | 20,312 | 125,631 | 9,107 | 134,738 | 140,449 | 85,766 | 226,215 |
| 2026 | 20,312 | | 20,312 | 133,004 | 3,989 | 136,993 | 146,124 | 80,091 | 226,215 |
| 2027 | 20,312 | | 20,312 | | | | 152,029 | 74,186 | 226,215 |
| 2028-2032 | 10,156 | | 10,156 | | | | 857,062 | 274,013 | 1,131,075 |
| 2033-2037 | | | | | | | 929,830 | 86,920 | 1,016,750 |
| Total | \$111,716 | | \$111,716 | \$489,440 | \$45,491 | \$534,931 | \$2,489,996 | \$788,904 | \$3,278,900 |

| 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 |
| 2023 | \$24,497 | \$13,458 | \$37,955 | \$19,690 | \$7,425 | \$27,115 | \$196,482 | \$63,574 | \$ 260,056 |
| 2024 | 25,647 | 12,467 | 38,114 | 20,580 | 6,535 | 27,115 | 204,113 | 55,943 | 260,056 |
| 2025 | 26,851 | 11,429 | 38,280 | 21,593 | 5,522 | 27,115 | 212,375 | 47,681 | 260,056 |
| 2026 | 28,111 | 10,343 | 38,454 | 22,636 | 4,479 | 27,115 | 220,800 | 39,255 | 260,055 |
| 2027 | 29,431 | 9,205 | 38,636 | 23,730 | 3,385 | 27,115 | 229,560 | 30,496 | 260,056 |
| 2028-2032 | 169,217 | 27,005 | 196,222 | 52,957 | 3,280 | 56,237 | 657,604 | 35,878 | 693,482 |
| 2033-2037 | 38,754 | 1,167 | 39,921 | | | | | | |
| Total | \$342,508 | \$85,074 | \$427,582 | \$161,186 | \$30,626 | \$191,812 | \$1,720,934 | \$272,827 | \$1,993,761 |

| 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 |
| 2023 | \$247,473 | \$ 42,076 | \$ 289,549 | \$5,301 | | \$5,301 | \$8,604 | | \$8,604 |
| 2024 | 254,326 | 35,224 | 289,550 | 5,301 | | 5,301 | 8,604 | | 8,604 |
| 2025 | 261,368 | 28,182 | 289,550 | 5,301 | | 5,301 | 8,604 | | 8,604 |
| 2026 | 268,605 | 20,945 | 289,550 | 5,301 | | 5,301 | 8,604 | | 8,604 |
| 2027 | 276,042 | 13,508 | 289,550 | 5,301 | | 5,301 | 8,604 | | 8,604 |
| 2028-2032 | 283,686 | 5,864 | 289,550 | 26,504 | | 26,504 | 43,021 | | 43,021 |
| 2033-2037 | | | | 2,651 | | 2,651 | 43,021 | | 43,021 |
| 2038-2042 | | | | | | | 43,021 | | 43,021 |
| 2043-2047 | | | | | | | 8,604 | | 8,604 |
| Total | \$1,591,500 | \$145,799 | \$1,737,299 | \$55,660 | | \$55,660 | \$180,687 | | \$180,687 |

| Year Ending December | OPWC Loan (CM25P) Lawn, Jackson, Grove Waterline Replacement | | | OPWC Loan (CM27R) Garmatter Waterline | | | OPWC Loan (CM23V) West Elm St. Improvements | | |
|-------------------------|--|----------|-----------|--|----------|----------|--|----------|-----------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2023 | \$9,831 | | \$9,831 | \$2,888 | | \$2,888 | \$14,906 | | \$14,906 |
| 2024 | 9,831 | | 9,831 | 2,888 | | 2,888 | 14,906 | | 14,906 |
| 2025 | 9,831 | | 9,831 | 2,888 | | 2,888 | 14,906 | | 14,906 |
| 2026 | 9,831 | | 9,831 | 2,888 | | 2,888 | 14,906 | | 14,906 |
| 2027 | 9,831 | | 9,831 | 2,888 | | 2,888 | 14,906 | | 14,906 |
| 2028-2032 | 49,153 | | 49,153 | 14,442 | | 14,442 | 74,531 | | 74,531 |
| 2033-2037 | 49,153 | | 49,153 | 14,442 | | 14,442 | 74,531 | | 74,531 |
| 2038-2042 | 49,153 | | 49,153 | 14,442 | | 14,442 | 44,718 | | 44,718 |
| 2043-2047 | 9,831 | | 9,831 | 10,109 | | 10,109 | | | |
| Total | \$206,445 | | \$206,445 | \$67,875 | | \$67,875 | \$268,310 | | \$268,310 |

Village of Bluffton, Ohio
Allen & Hancock Counties
Notes to the Financial Statements
For the Year Ended December 31, 2022

| Year Ending December | OPWC Loan (CM23W) Jefferson St. Phase I | | | OWDA Loan (9182) Jefferson St. Phase II | | | OPWC Loan (CM25X) Jefferson St. Phase II | | |
|-------------------------|--|----------|----------|--|----------|-----------|---|----------|-----------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2023 | \$5,041 | | \$5,041 | \$19,397 | \$5,459 | \$24,856 | \$9,797 | | \$9,797 |
| 2024 | 5,041 | | 5,041 | 19,648 | 5,207 | 24,855 | 9,797 | | 9,797 |
| 2025 | 5,041 | | 5,041 | 19,903 | 4,953 | 24,856 | 9,797 | | 9,797 |
| 2026 | 5,041 | | 5,041 | 20,161 | 4,695 | 24,856 | 9,797 | | 9,797 |
| 2027 | 5,041 | | 5,041 | 20,422 | 4,433 | 24,855 | 9,797 | | 9,797 |
| 2028-2032 | 25,203 | | 25,203 | 106,153 | 18,125 | 124,278 | 48,984 | | 48,984 |
| 2033-2037 | 25,203 | | 25,203 | 113,215 | 11,063 | 124,278 | 48,984 | | 48,984 |
| 2038-2042 | 15,122 | | 15,122 | 108,320 | 3,530 | 111,850 | 44,086 | | 44,086 |
| Total | \$90,733 | | \$90,773 | \$427,219 | \$57,465 | \$484,684 | \$191,039 | | \$191,039 |

Note 11 - Contingent Liabilities

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

Note 12 – Fund Balances

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

| Fund Balances | General | Special Revenue | Debt Service | Capital Projects | Total |
|--------------------------|-----------------|--------------------|-----------------|---------------------|-----------------|
| Nonspendable: | | | | | |
| Unclaimed Monies | \$225 | | | | \$225 |
| Outstanding Encumbrances | 41,341 | \$34,418 | \$0 | \$9,000 | 84,759 |
| <i>Total</i> | <u>\$41,566</u> | <u>\$34,418</u> | <u>\$0</u> | <u>\$9,000</u> | <u>\$84,984</u> |

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

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Village of Bluffton, Ohio
Allen & Hancock Counties
Notes to the Financial Statements
For the Year Ended December 31, 2022

During 2022, the Village charged prior year expenditures to the Local Fiscal Recovery Fund. The Water/Sewer Improvement Fund billed the Local Fiscal Recovery Fund for these costs. The Water/Sewer Improvement Fund is reflecting this receipt of \$135,109 as an intergovernmental revenue in the accompanying financial statements.

During 2022, the Village received \$215,504 from the Local Fiscal Recovery Fund. These amounts are recorded in the applicable Special Revenue Fund.

Note 14 – Jointly Governed Organization

The Lima-Allen County Regional Planning Commission, Allen County (the Commission) was organized in 1964 under Section 713.21 of the Ohio Revised Code. The Commission is governed by a thirty-three member board. The Board consists of representatives from participating political subdivisions, the County commissioners and appointed citizens. The Commission serves the County by performing studies and making maps, preparing recommendations and reports related to the physical, environmental, social, economic and governmental characteristics, functions and services of the County. Financial information can be obtained from Rebecca Phillips, Finance Director, 130 West North Street, Lima, OH 45801, calling 419-228-1836, or email: rphillips@lacrpc.com.

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

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

To the Members of Council:

We have audited, in accordance the with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined totals as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of Bluffton, Allen and Hancock Counties, (the Village) and have issued our report thereon dated December 20, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Village's Response to Finding

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

December 20, 2024

**VILLAGE OF BLUFFTON
ALLEN AND HANCOCK COUNTIES**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022**

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

FINDING NUMBER 2023-001

Material Weakness – Accuracy of Financing Reporting

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

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

- Principal payments of \$20,106 and interest payments of \$2,901 on loans paid from the Special Revenue Street Fund during 2023 were classified as transportation disbursements instead of debt service principal and interest.
- OPWC loan proceeds in the amount of \$748,115 were recorded as intergovernmental receipts instead of loan proceeds in the Enterprise Water/Sewer Improvement Fund in 2023. The loan proceeds were recorded in the proper account in the accounting system but an error occurred when the trial balances were prepared, resulting in the loan proceeds being classified as intergovernmental receipts on the trial balance and financial statements.
- The General Fund balance and receipts on the trial balances and Hinkle Report at December 31, 2022 were understated by \$2,313 in comparison to the Cash Position report generated by the Village's accounting system. An adjustment was made to increase income tax receipts and fund balance.
- Special Revenue Fund balance and receipts on the trial balances and Hinkle Report at December 31, 2022 were understated in comparison to the Cash Position report generated by the Village's accounting system. The Street Fund was understated by \$3,043 and the State Highway fund was understated by \$246 for a total of \$3,289. An adjustment was made to increase intergovernmental receipts and fund balance.
- Principal payments of \$9,955 and interest payments of \$1,470 on loans paid from the Special Revenue Street Fund during 2022 were classified as transportation disbursements instead of debt service principal and interest.
- Enterprise Fund balance and receipts on the trial balances and Hinkle Report at December 31, 2022 were understated in comparison to the Cash Position report generated by the Village's accounting system. The Water Fund was overstated by \$16, Sewer Fund was overstated by \$25, Refuse Fund was overstated by \$20 and the Water/Sewer Improvement Fund was understated by \$1,084 for a net total of \$1,023. An adjustment was made to increase charges for services receipts and fund balance.

FINDING NUMBER 2023-001
(Continued)

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

The accompany financial statements have been adjusted to correct these errors.

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

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

OFFICIALS' RESPONSE:

Debt service principal and interest payments in the Special Revenue Street Fund and OPWC loan proceeds in the Enterprise Water/Sewer Improvement Fund were recorded properly in the accounting system but were classified incorrectly when preparing the trial balances. Financial shell workpapers have been updated to reflect the proper reporting for these items to ensure the correct reporting in future financial statements. The Ohio Village Handbook, the Auditor of State website, and shell financial statements and notes will be referenced for proper reporting and additional review of the financial statements and notes will be performed to verify amounts and accuracy prior to filing.



VILLAGE OF BLUFFTON

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(419) 358-2066 * FAX (419) 358-8137

RICH JOHNSON, Mayor
JESSE BLACKBURN, Village Administrator

KEVIN NICKEL, Fiscal Officer
BRYAN LLOYD, Assistant Administrator

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2023

| Finding Number | Finding Summary | Status | Additional Information |
|----------------|---|--|--|
| 2021-001 | Accuracy of Financing Reporting | Not Fully Corrected | Repeated as Finding 2023-001. Financial Statement shells have been updated to correct for the next filing. |
| 2021-002 | Ohio Rev. Code § 5705.15 - Transfers | Corrective Action Taken and Finding is Fully Corrected | |

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF BLUFFTON

ALLEN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 1/23/2025

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

This report is a matter of public record and is available online at
www.ohioauditor.gov