

**Village of Bluffton**  
**Allen and Hancock Counties**  
*Statement of Net Position - Cash Basis*  
*December 31, 2016*

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$3,846,652	\$1,105,826	\$4,952,478
<i>Total Assets</i>	<u>\$3,846,652</u>	<u>\$1,105,826</u>	<u>\$4,952,478</u>
<b>Net Position</b>			
Restricted for:			
Capital Projects	\$644,192	\$580,809	\$1,225,001
Debt Service	863	44,126	44,988
Other Purposes	275,550		275,550
Permanent Fund Purpose			
Nonexpendable	1,851		1,851
Unrestricted	<u>2,924,196</u>	<u>480,891</u>	<u>3,405,088</u>
<i>Total Net Position</i>	<u>\$3,846,652</u>	<u>\$1,105,826</u>	<u>\$4,952,478</u>

See accompanying notes to the basic financial statements

**Village of Bluffton**  
**Allen & Hancock Counties**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2016*

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government	\$609,535		\$4,670	
Security of Persons and Property	\$777,949	230,214		1,000
Public Health Services	\$65,929	81,823	300	
Leisure Time Activities	\$99,182	70,967	24,770	
Community Environment	\$0			
Basic Utility Services	\$15,903			
Transportation	\$312,958			
Capital Outlay	\$430,162			21,985
Debt Service:				
Principal Retirement	\$16,028			
Interest and Fiscal Charges	\$0			
<b>Total Governmental Activities</b>	<b>2,327,646</b>	<b>383,004</b>	<b>29,740</b>	<b>22,985</b>
<b>Business Type Activity</b>				
Water	805,055	1,060,393		
Sewer	546,236	840,681		
Water Debt Service	488,763	0		
Water/Sewer Improvement	1,420,983	0	19,774	
Other Enterprise Funds	452,037	217,231	0	
<b>Total Business Type Activities</b>	<b>3,713,074</b>	<b>2,118,305</b>	<b>19,774</b>	<b>0</b>
<b>Total</b>	<b>\$6,040,720</b>	<b>2,501,309</b>	<b>69,288</b>	<b>\$22,985</b>

**General Receipts**

Property Taxes Levied for:  
    General Purposes  
Municipal Income Taxes  
Other Taxes  
Loan Proceeds  
Interest  
Surcharge  
Miscellaneous

*Total General Receipts*

Transfers  
Advances

**Total General Receipts and Transfers**

Change in Net Position

*Net Position Beginning of Year*

*Net Position End of Year*

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$604,865)	\$0	(\$604,865)
(546,735)	0	(546,735)
16,194	0	16,194
(3,445)	0	(3,445)
0	0	0
(15,903)	0	(15,903)
(312,958)	0	(312,958)
(408,177)		(408,177)
(16,028)	0	(16,028)
0	0	0
(1,891,917)	0	(1,891,917)
	255,338	255,338
	294,445	294,445
	(488,763)	(488,763)
	(1,401,209)	(1,401,209)
	(234,806)	(234,806)
0	(1,574,995)	(1,574,995)
(1,891,917)	(1,574,995)	(3,466,912)
173,165		173,165
2,166,418	541,250	2,707,668
27,975		27,975
5,098	1,051,885	1,056,983
10,780		10,780
	144,797	144,797
318,616	15,589	334,205
2,702,052	1,753,521	4,455,573
(150,000)	150,000	0
		0
2,552,052	1,903,521	4,455,573
660,135	328,526	988,661
3,186,517	777,300	3,963,817
<u>\$3,846,652</u>	<u>\$1,105,826</u>	<u>\$4,952,478</u>

**Village of Bluffton**  
**Allen and Hancock Counties**  
*Statement of Assets and Fund Balances- Cash Basis*  
*Governmental Funds*  
*December 31, 2016*

	General	Street	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$2,943,839	\$174,324	\$728,489	\$3,846,652
<i>Total Assets</i>	<u>\$2,943,839</u>	<u>\$174,324</u>	<u>\$728,489</u>	<u>\$3,846,652</u>
<b>Fund Balances</b>				
Nonspendable	\$225			\$225
Restricted		\$174,324	\$728,489	\$902,813
Committed				\$0
Assigned	\$17,567			\$17,567
Unassigned	\$2,926,047			\$2,926,047
<i>Total Fund Balances</i>	<u>\$2,943,839</u>	<u>\$174,324</u>	<u>\$728,489</u>	<u>\$3,846,652</u>

See accompanying notes to the basic financial statements



**VILLAGE OF BLUFFTON**  
**ALLEN & HANCOCK COUNTIES**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2016*

	General	Street	Other Governmental Funds	Total Governmental Funds
<b>Cash Receipts</b>				
Municipal Income Taxes	\$2,166,418			\$2,166,418
Property and Other Local Taxes	201,140			201,140
Charges for Services	353,182		29,822	383,004
Fines, Licenses and Permits	4,998		50	5,048
Intergovernmental	119,011	136,546	34,054	289,611
Special Assessments		201		201
Gifts and Contributions	24,770		4,970	29,740
Interest	10,345	339	96	10,780
Miscellaneous	38,247	8,244	250	46,741
<b>Total Cash Receipts</b>	<b>2,918,111</b>	<b>145,330</b>	<b>69,242</b>	<b>3,132,683</b>
<b>Cash Disbursements</b>				
Current:				
General Government	605,478		4,057	609,535
Security of Persons and Property	777,949			777,949
Public Health Services	35,329		30,600	65,929
Leisure Time Activities	99,182			99,182
Community Environment	0			0
Basic Utility Services	15,650		253	15,903
Transportation	73,160	239,798		312,958
Capital Outlay	164,467	121,193	144,502	430,162
Debt Service:				0
Principal Retirement			16,028	16,028
Interest and Fiscal Charges				0
<b>Total Cash Disbursements</b>	<b>1,771,215</b>	<b>360,991</b>	<b>195,440</b>	<b>2,327,646</b>
<b>Total Cash Receipts Over (Under) Cash Disbursements</b>	<b>1,146,896</b>	<b>(215,661)</b>	<b>(126,198)</b>	<b>805,037</b>
<b>Non-Operating Cash Receipts/Disbursements</b>				
Loan Proceeds				0
Line of Credit Proceeds		5,098		5,098
Transfers In	59,000	250,000	213,300	522,300
Advances In			17,426	17,426
Transfers Out	(672,300)			(672,300)
Advances In				0
Advances Out	(17,426)			(17,426)
<b>Total Non-Operating Cash Receipts/ Disbursements</b>	<b>(630,726)</b>	<b>255,098</b>	<b>230,726</b>	<b>(144,902)</b>
<b>Net Receipts Over/ Under Disbursements</b>	<b>516,170</b>	<b>39,437</b>	<b>104,528</b>	<b>660,135</b>
<b>Fund Cash Balance, January 1</b>	<b>2,427,669</b>	<b>134,887</b>	<b>623,961</b>	<b>3,186,517</b>
Nonspendable:	225			225
Restricted:		174,324	728,489	902,813
Assigned:	17,567			17,567
Unassigned:	2,926,047			2,926,047
<b>Fund Cash Balance, December 31</b>	<b>\$2,943,839</b>	<b>\$174,324</b>	<b>\$728,489</b>	<b>\$3,846,652</b>

See accompanying notes to the basic financial statements

**Village of Bluffton**  
**Allen & Hancock Counties**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Cash Receipts</b>				
Municipal Income Taxes	\$1,752,000	\$1,752,000	\$2,166,418	\$414,418
Property and Other Local Taxes	190,300	190,300	201,140	10,840
Charges for Services	330,000	330,000	353,182	23,182
Fines, Licenses and Permits	8,115	8,115	4,998	(3,117)
Intergovernmental	126,650	126,650	119,011	(7,639)
Gifts and Contributions	62,000	62,000	24,770	(37,230)
Interest	1,750	1,750	10,345	8,595
Miscellaneous	25,576	25,576	38,247	12,671
<i>Total Cash Receipts</i>	<u>2,496,391</u>	<u>2,496,391</u>	<u>2,918,111</u>	<u>421,720</u>
<b>Cash Disbursements</b>				
Current:				
General Government	623,375	680,098	605,478	74,620
Security of Persons and Property	799,013	829,320	777,949	51,371
Public Health Services	41,000	37,073	35,329	1,744
Leisure Time Activities	93,219	104,120	99,182	4,938
Community Environment	1,500	1,500	0	1,500
Basic Utility Services	18,500	15,650	15,650	0
Transportation	76,100	82,950	73,160	9,790
Capital Outlay	170,250	214,837	164,467	50,370
<i>Total Cash Disbursements</i>	<u>1,822,957</u>	<u>1,965,548</u>	<u>1,771,215</u>	<u>194,333</u>
<i>Total Cash Receipts Over (Under) Cash Disbursements</i>	<u>673,434</u>	<u>530,843</u>	<u>1,146,896</u>	<u>616,053</u>
<b>Non-Operating Cash Receipts/ Disbursements</b>				
Transfers In	31,000	31,000	59,000	28,000
Advances In	0	0		0
Transfers Out	(635,000)	(675,300)	(672,300)	3,000
Advances In				0
Advances Out		(17,426)	(17,426)	0
<i>Total Non-Operating Cash Receipts/ Disbursements</i>	<u>(604,000)</u>	<u>(661,726)</u>	<u>(630,726)</u>	<u>31,000</u>
<i>Net Receipts Over (Under) Disbursements</i>	<u>69,434</u>	<u>(130,883)</u>	<u>516,170</u>	<u>647,053</u>
<i>Cash Balance, January 1</i>	<u>2,360,038</u>	<u>2,360,038</u>	<u>2,360,038</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>67,631</u>	<u>67,631</u>	<u>67,631</u>	<u>0</u>
<i>Cash Balance, December 31</i>	<u>\$2,497,103</u>	<u>\$2,296,786</u>	<u>\$2,943,839</u>	<u>\$647,053</u>

See accompanying notes to the basic financial statements

**Village of Bluffton**  
**Allen & Hancock Counties**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Street Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Cash Receipts</b>				
Intergovernmental	131,500	131,500	136,546	5,046
Special Assessments	2,700	2,700	201	(2,499)
Interest	120	120	339	219
Miscellaneous	500	500	8,244	7,744
<i>Total Cash Receipts</i>	<u>134,820</u>	<u>134,820</u>	<u>145,330</u>	<u>10,510</u>
<b>Cash Disbursements</b>				
Current:				
Transportation	192,956	247,252	239,798	7,454
Capital Outlay	230,248	296,500	121,193	175,307
<i>Total Cash Disbursements</i>	<u>423,204</u>	<u>543,752</u>	<u>360,991</u>	<u>182,761</u>
<i>Total Cash Receipts Over (Under) Cash Disbursements</i>	<u>(288,384)</u>	<u>(408,932)</u>	<u>(215,661)</u>	<u>193,271</u>
<b>Non-Operating Cash Receipts/ Disbursements</b>				
Line of Credit Proceeds			5,098	5,098
Transfers In	240,000	240,000	250,000	10,000
<i>Total Non-Operating Cash Receipts/ Disbursements</i>	<u>240,000</u>	<u>240,000</u>	<u>255,098</u>	<u>15,098</u>
<i>Net Receipts Over (Under) Disbursements</i>	<u>(48,384)</u>	<u>(168,932)</u>	<u>39,437</u>	<u>208,369</u>
<i>Cash Balance, January 1</i>	<u>131,446</u>	<u>131,446</u>	<u>131,446</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>3,441</u>	<u>3,441</u>	<u>3,441</u>	<u>0</u>
<i>Cash Balance, December 31</i>	<u>\$86,503</u>	<u>(\$34,045)</u>	<u>\$174,324</u>	<u>\$208,369</u>

See accompanying notes to the basic financial statements

**Village of Bluffton**  
**Allen and Hancock Counties**  
*Statement of Fund NetPosition - Cash Basis*  
*Proprietary Funds*  
*December 31, 2016*

	Business-Type Activities					
	Water Fund	Sewer Fund	Water Debt Service Fund	Water/Sewer Improvement Fund	Other Enterprise Funds	Total Enterprise Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$199,817	\$147,376	\$53,000	\$576,458	\$129,175	\$1,105,826
<b>Total Assets</b>	<b>\$199,817</b>	<b>\$147,376</b>	<b>\$53,000</b>	<b>\$576,458</b>	<b>\$129,175</b>	<b>\$1,105,826</b>
<b>Net Assets</b>						
Restricted for:						
Capital Projects				576,458		\$576,458
Debt Service						\$0
Unrestricted	\$199,817	\$147,376	53,000		\$129,175	\$529,368
<b>Total Net Position</b>	<b>\$199,817</b>	<b>\$147,376</b>	<b>\$53,000</b>	<b>\$576,458</b>	<b>\$129,175</b>	<b>\$1,105,826</b>

See accompanying notes to the basic financial statements

**Village of Bluffton**  
**Allen & Hancock Counties**  
*Statement of Cash Receipts,*  
*Disbursements and Changes in Fund Net Position - Cash Basis*  
*Proprietary Funds*  
*For the Year Ended December 31, 2016*

	Proprietary Fund Type					Total Enterprise Funds
	Water Fund	Sewer Fund	Water Debt Service	Water/Sewer Improvement Fund	Other Enterprise Funds	
<b>Operating Cash Receipts</b>						
Charges for Services	\$1,060,393	\$840,681			\$217,231	\$2,118,305
Surcharge	\$120,991	\$23,806				\$144,797
Municipal Income Taxes				\$541,250		\$541,250
Special Assessment Charges				\$19,774		\$19,774
Other Operating Receipts	10,823	2,788			1,978	15,589
<b>Total Operating Cash Receipts</b>	<b>1,192,207</b>	<b>867,275</b>	<b>0</b>	<b>561,024</b>	<b>219,209</b>	<b>2,839,715</b>
<b>Operating Cash Disbursements</b>						
Personal Services	99,101	156,504				255,605
Fringe Benefits	31,625	54,147				85,772
Contractual Services	581,792	214,720			191,981	988,493
Materials and Supplies	85,874	65,492				151,366
Capital Outlay	6,663	18,347		1,416,632		1,441,642
<b>Total Operating Cash Disbursements</b>	<b>805,055</b>	<b>509,209</b>	<b>0</b>	<b>1,416,632</b>	<b>191,981</b>	<b>2,922,878</b>
<b>Operating Income (Loss)</b>	<b>387,152</b>	<b>358,066</b>	<b>0</b>	<b>(855,608)</b>	<b>27,228</b>	<b>(83,163)</b>
<b>Non-Operating Cash Receipts/ Disbursements</b>						
Proceeds from Commercial Loan				1,051,885		1,051,885
Interest						
Principal Payments		(17,769)	(351,219)		(149,334)	(518,322)
Interest and Fiscal Charges		(19,258)	(137,544)	(4,351)	(110,722)	(271,875)
Transfers In	150,000		488,763		260,056	898,819
Transfers Out	(488,763)	(260,056)				(748,819)
Advances In						0
Advances Out						0
<b>Total Non-Operating Cash Receipts/ Disbursements</b>	<b>(338,763)</b>	<b>(297,083)</b>	<b>0</b>	<b>1,047,534</b>	<b>0</b>	<b>411,688</b>
<b>Net Receipts Over (Under) Disbursements</b>	<b>48,389</b>	<b>60,983</b>	<b>0</b>	<b>191,926</b>	<b>27,228</b>	<b>328,525</b>
<b>Cash Balance, January 1</b>	<b>151,428</b>	<b>86,393</b>	<b>53,000</b>	<b>384,532</b>	<b>101,947</b>	<b>777,300</b>
<b>Cash Balance, December 31</b>	<b>\$199,817</b>	<b>\$147,376</b>	<b>\$53,000</b>	<b>\$576,458</b>	<b>\$129,175</b>	<b>\$1,105,826</b>

See accompanying notes to the basic financial statements

**VILLAGE OF BLUFFTON  
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

---

**Note 1 – Reporting Entity**

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

**A. Primary Government**

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

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

**Note 2 – Summary of Significant Accounting Policies**

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

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

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

**VILLAGE OF BLUFFTON  
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

---

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

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

**Fund Financial Statements**

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

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

**B. Fund Accounting**

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

**Governmental Funds**

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

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

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

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

**VILLAGE OF BLUFFTON  
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

---

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

**Proprietary Funds**

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

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

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

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

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

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

**C. Basis of Accounting**

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

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



**VILLAGE OF BLUFFTON  
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

---

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

**D. Budgetary Process**

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

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

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

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

**E. Cash and Investments**

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

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

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

During 2016, the Village invested in nonnegotiable certificates of deposit, a money market fund, and STAR Ohio. The nonnegotiable certificates of deposits are reported at cost. The Village's money market fund investment is recorded at the amount reported by The Citizens National Bank and The First National Bank at December 31, 2016.

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, 2016.

**VILLAGE OF BLUFFTON  
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

---

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

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

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2016 were \$10,345.

**F. Restricted Assets**

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

**G. Inventory and Prepaid Items**

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

**H. Capital Assets**

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

**I. Interfund Receivables/Payables**

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

**J. Accumulated Leave**

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

**K. Employer Contributions to Cost-Sharing Pension Plans**

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for post-retirement health care benefits.

**L. Long-Term Obligations**

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

**VILLAGE OF BLUFFTON  
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

---

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

**M. Net Position**

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

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

**N. Fund Balance Reserves**

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

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

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

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

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

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

**VILLAGE OF BLUFFTON  
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

---

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

**N. Fund Balance Reserves** (continued)

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

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

**O. Interfund Transactions**

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

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

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is (are) outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis)). The encumbrances outstanding at year end (budgetary basis) for the general fund amounted to \$65,671 in 2016 encumbrances in the street fund amounted to \$134,471 in 2016.

**Note 4 – Deposits and Investments**

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

**VILLAGE OF BLUFFTON  
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

---

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;



**VILLAGE OF BLUFFTON  
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

---

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

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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

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

**Deposits**

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2016, \$3,989,000 of the Village's bank balance of \$5,012,458 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

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

**Investments**

As of December 31, 2016, the Village had the following investments:

STAR Ohio	<u>Carrying Value</u>
December 31, 2016	\$14,876

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

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Village has no investment policy

**VILLAGE OF BLUFFTON  
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

---

dealing with investment credit risk beyond the requirements in state statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

**Note 6 – Income Taxes**

The Village levies a one and a quarter percent income tax whose proceeds are placed into the General Fund (one percent) and 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 7 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2016 represent the collection of 2015 taxes. Real property taxes received in 2016 were levied after October 1, 2015, on the assessed values as of January 1, 2015, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2016 represent the collection of 2015 taxes. Public utility real and tangible personal property taxes received in 2016 became a lien on December 31, 2015, were levied after October 1, 2015, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2016 (other than public utility property) represent the collection of 2015 taxes. Tangible personal property taxes received in 2016 were levied after October 1, 2015, on the true value as of December 31, 2015. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2016, was \$2.50 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2016 property tax receipts were based was \$82,024,920.

**VILLAGE OF BLUFFTON  
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

---

**Note 8 – Risk Management**

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

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

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

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

**Note 9 – Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

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

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

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

For the year ended December 31, 2016, the members of all three plans were required to contribute 10.00 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2016 was 14.00 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2016, 2015, and 2014 were \$83,132, \$80,355, and \$77,122 respectively. The full amount has been contributed for 2016, 2015, and 2014.

**B. Ohio Police and Fire Pension Fund**

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



**VILLAGE OF BLUFFTON  
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

---

Plan members are required to contribute 12.25 percent of their annual covered salary to fund pension obligations while the Village is required to contribute 19.5 percent for police officers. Contributions are authorized by State statute. The Village's required contributions to the Fund for the years ended December 31, 2016, 2015, and 2014 were \$66,079, \$74,549, and \$66,079 respectively. The full amount has been contributed for 2016, 2015, and 2014.

**Note 10 - Postemployment Benefits**

**Ohio Public Employees Retirement System**

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2015, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2016 was 2.00%.

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

The Village's required contribution for postemployment obligations for the years ended December 31, 2016, 2015, and 2014 were \$13,856, \$13,392, and \$12,854 respectively; 100 percent has been contributed for 2016, 2015, and 2014.

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

**VILLAGE OF BLUFFTON  
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

---

**Note 10 - Postemployment Benefits- (Continued)**

**B. Ohio Police and Fire Pension Fund**

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

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

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

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

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

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

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

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

The Village's required contribution for postemployment obligations for the years ended December 31, 2016, 2015, and 2014 were \$1,739, \$1,962, and \$1,870 respectively; 100 percent has been contributed for 2016, 2015, and 2014.

**VILLAGE OF BLUFFTON  
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

---

**Note 11 – Debt**

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

The Village's long-term debt activity for the year ended December 31, 2016, are as follows:

	Rate	1/1/2016	Additions	Reductions	12/31/2016	One Year
Governmental-Type Activities						
Citizens National- Loan						
Skid Loader	0.00%	30,528		(15,265)	15,263	15,263
Total Governmental-Type						
Activities		\$ 30,528	\$ -	\$ (15,265)	\$ 15,263	\$ 15,263

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

**VILLAGE OF BLUFFTON  
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

Business-Type Activities						
	Interest Rate	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016	Due Within One Year
OWDA Loan- Water System Improvements	5.77%	\$ 1,118,623		\$ (75,294)	\$ 1,043,329	\$ 79,701
OWDA Loan- Wastewater Treatment	4.64%	\$ 485,843		\$ (17,769)	\$ 468,074	\$ 18,603
OWDA Loan- Waterline from Ottawa	2.75%	\$ 3,146,848		\$ (204,407)	\$ 2,942,441	\$ 210,067
Issue II Loan	0.00%	\$ 49,057		\$ (8,176)	\$ 40,881	\$ 8,176
OPWC Loan- Mainstreet Waterline Replacement	0.00%	\$ 243,737		\$ (20,312)	\$ 223,425	\$ 20,312
OPWC Loan- South Main Waterline Replacement	0.00%	\$ 90,115		\$ (5,300)	\$ 84,815	\$ 5,301
OPWC Loan- Cherry & Mound Waterline Replacement	0.00%	\$ 236,616		\$ (8,604)	\$ 228,012	\$ 8,604
OPWC Loan- Lawn, Jackson, Grove Waterline Replacement	0.00%	\$ 270,341		\$ (9,830)	\$ 260,511	\$ 9,831
OPWC Loan- Garmatter Waterline Replacement	0.00%	\$ 86,652		\$ (2,888)	\$ 83,764	\$ 2,888
Citizens National Bank Sewer Plant	3.90%	\$ 2,901,143		\$ (149,342)	\$ 2,751,801	\$ 155,583
First National Line of Credit	2.64%	\$ 6,648	\$ 5,097	\$ (553)	\$ 11,192	
First National Loan- Jackson, Elm Waterline Replacement	3.50%	\$ 278,760		\$ (16,453)	\$ 262,307	\$ 17,260
Total Business Type Activities		\$ 8,914,383	\$ 5,097	\$ (518,928)	\$ 8,400,552	\$ 536,326

**VILLAGE OF BLUFFTON  
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

---

**Note 11 – Debt** (continued)

The Ohio Water Development Authority (OWDA) Water System Improvements loan relates to the construction of two water towers. The loan will be repaid in semiannual installments \$69,383, including interest, over 25 years. The loan is secured by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Issue II loan was granted by the Ohio Public Waterworks Commission to finance sanitary sewer improvements.

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

The Ohio Public Works Commission (OPWC) loans relate to construction of new waterlines, These are interest free loans.

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

The Citizens National Bank loan was obtained for the purpose of refinancing the costs of constructing a new wastewater treatment plant. The loan will be repaid over 15 years. Payments will be remitted on a monthly basis.

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

**VILLAGE OF BLUFFTON  
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**Note 11 – Debt** (continued)

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

Year Ending December	OPWC Main St Waterline			OWDA Loan Water System			Issue II Loan		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	\$20,312	\$0	\$20,312	\$79,701	\$59,067	\$138,768	\$8,176	\$0	\$8,176
2018	20,312	-	20,312	84,366	54,402	138,768	8,176	-	8,176
2019	20,312	-	20,312	89,304	49,464	138,768	8,176	-	8,176
2020	20,312	-	20,312	94,532	44,236	138,768	8,176	-	8,176
2021	20,312	-	20,312	100,065	38,703	138,768	8,176	-	8,176
2022- 2026	101,560	-	101,560	595,363	98,479	693,842	-	-	-
2027- 2031	20,312	-	20,312	-	-	-	-	-	-
Total	\$223,432	\$0	\$223,432	\$1,043,331	\$344,351	\$1,387,682	\$40,880	\$0	\$40,880

Year Ending December	OWDA Loan Wastewater System			First National Loan Jackson Waterline			Citizens National Loan Sewer Plant		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	\$18,603	\$21,505	\$40,108	\$16,496	\$6,956	\$23,452	\$155,583	\$104,472	\$260,055
2018	19,477	20,632	40,109	14,680	6,470	21,150	161,756	98,300	260,056
2019	20,390	19,718	40,108	17,600	5,971	23,571	168,173	91,882	260,055
2020	21,347	18,761	40,108	18,160	5,458	23,618	174,599	85,456	260,055
2021	22,350	17,759	40,109	17,776	5,458	23,234	181,772	78,283	260,055
2022- 2026	128,503	72,039	200,542	103,546	21,061	124,607	1,022,754	277,525	1,300,279
2027- 2031	161,632	38,912	200,544	70,666	4,096	74,762	887,165	66,374	953,539
2032- 2033	75,771	4,445	80,216	-	-	-	-	-	-
Total	\$468,073	\$213,771	\$681,844	\$258,924	\$55,470	\$314,394	\$2,751,802	\$802,292	\$3,554,096

Year Ending December	OWDA Loan Ottawa Waterline			OPWC Loan South Main Waterline			OPWC Loan Cherry & Mound Waterline		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	\$210,067	\$79,483	\$289,550	\$5,301	\$0	\$5,301	\$8,604	\$0	\$8,604
2018	215,884	73,666	289,550	5,301	-	5,301	8,604	-	8,604

**VILLAGE OF BLUFFTON  
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

2019	221,861	67,689	289,550	5,301	-	5,301	8,604	-	8,604
2020	228,005	61,545	289,550	5,301	-	5,301	8,604	-	8,604
2021	234,318	55,232	289,550	5,301	-	5,301	8,604	-	8,604
2022-2026	1,272,579	176,795	1,449,374	26,505	-	26,505	43,020	-	43,020
2027-2031	559,728	19,372	579,100	26,505	-	26,505	43,020	-	43,020
2032-2036			-	5,302	-	5,302	43,020	-	43,020
2037-2041		-	-		-	-	43,020	-	43,020
2042-2043		-	-		-	-	12,906	-	12,906
Total	\$2,942,442	\$533,782	\$3,476,224	\$84,817	\$0	\$84,817	\$228,006	\$0	\$228,006

Year Ending December	OPWC Loan Lawn, Jackson, Grove Waterline			OPWC Loan Garmatter Waterline		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$9,831	\$0	\$9,831	\$2,888	\$0	\$2,888
2018	9,831	-	9,831	2,888	-	2,888
2019	9,831	-	9,831	2,888	-	2,888
2020	9,831	-	9,831	2,888	-	2,888
2021	9,831	-	9,831	2,888	-	2,888
2022-2026	49,153	-	49,153	14,442	-	14,442
2027-2031	49,153	-	49,153	14,442	-	14,442
2032-2036	49,153		49,153	14,442		14,442
2037-2041	49,153	-	49,153	14,442	-	14,442
2042-2045	14,746	-	14,746	11,552	-	11,552
Total	\$260,513	\$0	\$260,513	\$83,760	\$0	\$83,760



**VILLAGE OF BLUFFTON  
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

---

**Note 12 – Interfund Transfers**

Fund	2016			
	Transfer In	Transfer Out		
General	\$59,000	(672,300)		
Street	250,000			
Other Governmental	213,300			
Water	150,000	(488,763)		
Sewer		(260,056)		
Sewer Debt Service Reserve				
Sewer Debt Service	260,056			
Water Debt Service	488,763			
Total	\$1,421,119	(1,421,119)		

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

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

**Note 13 – Contingent Liabilities**

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

**Note 14 – Fund Balances**

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



**VILLAGE OF BLUFFTON  
ALLEN AND HANCOCK COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

	2016		Other Governmental Funds	
Fund Balances	General Fund	Street		Total
<b>Nonspendable</b>				
Unclaimed Funds	225			225
<i>Total Nonspendable</i>	<u>225</u>	<u>0</u>	<u>0</u>	<u>225</u>
<b>Restricted for</b>				
Town Hall Improvements			368,749	368,749
Fire & Rescue Improvements			205,771	205,771
Police Equipment			4,472	4,472
Police Continuing Education			2,672	2,672
Street Construction & Maintenance		174,324		174,324
State Highway			52,497	52,497
Cemetery			17,518	17,518
Benroth Memorial Bridge			535	535
Mayor's Court Computer			5,113	5,113
National Night Out			763	763
Shannon Cemetery			300	300
DUI Enforcement			319	319
Swimming Pool Debt Service			863	863
Special Assessments			1,866	1,866
Cemetery Trusts			1,851	1,851
Airport Improvement			32,948	32,948
Storm Sewer Improvement			28,417	28,417
Infrastructure Improvement			3,835	3,835
<i>Total Restricted</i>	<u>0</u>	<u>174,324</u>	<u>728,489</u>	<u>902,813</u>
<b>Assigned to</b>				
Communications	6,960			6,960
Community Events	5,881			5,881
Park	2,770			2,770
Utility Recovery	1,956			1,956
<i>Total Assigned</i>	<u>17,567</u>	<u>0</u>	<u>0</u>	<u>17,567</u>
Unassigned (deficits):	<u>2,926,047</u>			<u>2,926,047</u>
<i>Total Fund Balances</i>	<u><u>\$2,943,839</u></u>	<u><u>\$174,324</u></u>	<u><u>\$728,489</u></u>	<u><u>\$3,846,652</u></u>