

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
CITY OF BLUFFTON
WELLS COUNTY, INDIANA
January 1, 2005 to December 31, 2005



FILED
09/19/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Nancy S. Hewitt	01-01-04 to 12-31-07
Mayor	Ted L. Ellis	01-01-04 to 12-31-07
President of the Board of Public Works	Ted L. Ellis	01-01-04 to 12-31-07
President of the Common Council	James E. Phillabaum	01-01-05 to 12-31-06
Superintendent of the Water Utility	Edward C. Davis	01-01-05 to 12-31-06
Superintendent of the Wastewater Utility	Robert Mohler	01-01-05 to 12-31-06
Superintendent of the Electric Utility	Edward C. Davis	01-01-05 to 12-31-06
Utility Office Manager	Roy D. Esmond	01-01-05 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF BLUFFTON, WELLS COUNTY, INDIANA

We have examined the schedule of receipts, disbursements, and cash and investment balances of the City of Bluffton (City), for the period of January 1, 2005 to December 31, 2005. The City's management is responsible for the schedule. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above presents fairly, in all material respects, the cash transactions of the City for the year ended December 31, 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 23, 2006

CITY OF BLUFFTON
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2005

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 708,975	\$ 4,433,048	\$ 4,392,937	\$ 749,086
Motor Vehicle Highway	628,431	505,450	693,712	440,169
Local Road and Street	39,111	46,561	69,733	15,939
Park and Recreation	177,380	655,663	671,096	161,947
Law Enforcement Continuing Education	19,257	6,526	-	25,783
EDC Miscellaneous Revenue	990,308	598,743	649,303	939,748
Animal Shelter Veterinarian Fee	12,699	5,333	4,115	13,917
DARE	3,655	4,383	5,097	2,941
Detect Grant	51,878	21,648	32,100	41,426
Nonreverting Wells Community Pool	77,888	87,817	79,181	86,524
Clerk Perpetual	18,097	3,299	-	21,396
Police Training	2,080	35	104	2,011
Grants	8,272	99,239	105,497	2,014
Rainy Day	56,162	-	-	56,162
Flood Buy-Out Program	108,197	106,574	128,815	85,956
Bluffton/Wells County Communications Tower	44,080	45,000	89,040	40
Special Designated Projects	21,357	88,645	83,100	26,902
Park Special Collections	11,025	10,514	6,905	14,634
Cumulative Capital Improvement	288,995	35,466	165,143	159,318
Cumulative Capital Development	215,968	180,768	61,565	335,171
Economic Development Income Tax	776,837	822,083	705,935	892,985
Unsafe Buildings	10,620	-	-	10,620
General Improvement	67,957	23,201	15,014	76,144
Nonreverting Park and Recreation Land	24,787	15,263	24,743	15,307
Animal Shelter Building	6,151	162,903	168,158	896
Park and Recreation Capital Improvements	42,209	46,738	41,015	47,932
Proprietary Funds:				
Water Utility - Operating	58,643	1,326,605	1,308,411	76,837
Water Utility - Depreciation	67,964	34,473	89,941	12,496
Water Utility - North Oaks Escrow	-	18,000	-	18,000
Wastewater Utility - Operating	1,342,837	2,601,914	2,839,531	1,105,220
Wastewater Utility - Bond and Interest	8,937	622,270	602,771	28,436
Wastewater Utility - Improvement	447,120	135,506	198,964	383,662
Wastewater Utility - Debt Reserve	637,532	-	-	637,532
Electric Utility - Operating	3,144,966	11,368,196	11,883,113	2,630,049
Electric Utility - Bond and Interest	82,340	48,000	-	130,340
Electric Utility - Depreciation	33,607	559,713	356,580	236,740
Electric Utility - Customer Deposits	229,434	51,075	36,462	244,047
Electric Utility - Reserve	76,054	50,724	50,724	76,054
Self Insurance	244,756	2,026,799	1,952,413	319,142
Fiduciary Funds:				
Police Officers' Pension	305,229	112,273	185,539	231,963
K-9 Donations	1,494	1,451	911	2,034
Robert Covault Memorial	135,158	4,800	109,115	30,843
Payroll	118,155	4,785,265	4,827,143	76,277
Law Enforcement User Fees	10,249	3,530	3,822	9,957
City Court	25,876	203,250	207,182	21,944
1977 Fire Pension	2,139	8,437	10,576	-
1977 Police Pension	43,401	41,823	85,224	-
County Court Costs	208	57,235	57,421	22
Animal Shelter Retainage	54,303	7,720	62,023	-
Judicial Salary Fee	-	1,010	-	1,010
Totals	<u>\$ 11,482,778</u>	<u>\$ 32,074,969</u>	<u>\$ 33,060,174</u>	<u>\$ 10,497,573</u>

The accompanying notes are an integral part of the schedule.

CITY OF BLUFFTON
NOTES TO SCHEDULE

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City provides the following services: public safety, highways and streets, health and social services, culture and recreation, planning and zoning, general administrative services, electric, water, wastewater and urban redevelopment.

Note 2. Fund Accounting

The City uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

CITY OF BLUFFTON
NOTES TO SCHEDULE
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Long-Term Debt

The City has entered into revenue bonds for the Wastewater Utility. The outstanding principal at December 31, 2005, was \$4,765,000.

CITY OF BLUFFTON
EXIT CONFERENCE

The contents of this report were discussed on August 23, 2006, with Ted L. Ellis, Mayor; and Nancy S. Hewitt, Clerk-Treasurer. Our examination disclosed no material items that warrant comment at this time.