

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
CITY OF BLUFFTON
WELLS COUNTY, INDIANA
January 1, 2006 to December 31, 2006



FILED
10/23/2007

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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	01-01-06 to 12-31-07
Superintendent of the Water Utility	Edward C. Davis	01-01-06 to 12-31-07
Superintendent of the Wastewater Utility	Robert Mohler	01-01-06 to 12-31-07
Superintendent of the Electric Utility	Edward C. Davis	01-01-06 to 12-31-07
Utility Office Manager	Roy D. Esmond	01-01-06 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDIANAPOLIS, INDIANA 46204-2769

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the City of Bluffton (City), for the period of January 1, 2006 to December 31, 2006. The City's management is responsible for the financial information presented herein. 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 financial information presented herein 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 financial information referred to above presents fairly, in all material respects, the financial information of the City for the year ended December 31, 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

September 6, 2007

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, 2006

	Cash and Investments		Cash and Investments	
	01-01-06	Receipts	Disbursements	12-31-06
Governmental Funds:				
General	\$ 749,086	\$ 4,505,091	\$ 4,570,127	\$ 684,050
Motor Vehicle Highway	440,169	753,422	575,000	618,591
Local Road and Street	15,939	44,794	48,784	11,949
Park and Recreation	161,947	576,958	593,688	145,217
Law Enforcement Continuing Education	25,783	5,407	-	31,190
EDC Miscellaneous Revenue	939,748	558,289	500,000	998,037
Animal Shelter Veterinarian Fee	13,917	8,732	6,491	16,158
DARE	2,941	3,913	4,664	2,190
Detect Grant	41,426	46,239	43,881	43,784
Nonreverting Wells Community Pool	86,524	87,678	80,000	94,202
Clerk Perpetual	21,396	6,873	-	28,269
Police Training	2,011	-	26	1,985
Grants	2,014	331,630	332,123	1,521
Rainy Day	56,162	-	-	56,162
Flood Buy-Out Program	85,956	8,528	26,152	68,332
Bluffton/Wells County Communications Tower	40	1,399	1,399	40
Park and Recreation Dance	-	506	-	506
Park and Recreation Sports	-	10,897	-	10,897
Park and Recreation Special Programs	-	5,695	101	5,594
Special Designated Projects	26,902	14,002	31,047	9,857
Park Special Collections	14,634	20,010	31,371	3,273
Levy Excess	-	91,154	91,154	-
Cumulative Capital Improvement	159,318	51,896	30,880	180,334
Unsafe Buildings	10,620	-	-	10,620
General Improvement	76,144	16,773	17,940	74,977
Cumulative Capital Development	335,171	227,569	76,291	486,449
Economic Development Income Tax	892,985	838,489	568,477	1,162,997
Nonreverting Park and Recreation Land	15,307	20,723	-	36,030
Animal Shelter Building	896	-	-	896
Park and Recreation Capital Improvements	47,932	10,069	350	57,651
Proprietary Funds:				
Water Utility - Operating	76,837	1,360,420	1,405,944	31,313
Water Utility - Depreciation	12,496	54,507	66,997	6
Water Utility - North Oaks Escrow	18,000	-	-	18,000
Wastewater Utility - Operating	1,105,220	2,676,548	2,913,169	868,599
Wastewater Utility - Bond and Interest	28,436	615,527	604,839	39,124
Wastewater Utility - Improvement	383,662	144,387	17,213	510,836
Wastewater Utility - Debt Reserve	637,532	-	-	637,532
Electric Utility - Operating	2,630,049	12,605,856	12,699,121	2,536,784
Electric Utility - Bond and Interest	130,340	48,000	130,000	48,340
Electric Utility - Depreciation	236,740	624,063	669,984	190,819
Electric Utility - Customer Deposits	244,047	55,150	44,564	254,633
Electric Utility - Reserve	76,054	50,724	50,724	76,054
Self Insurance	319,142	1,790,796	1,514,749	595,189
Fiduciary Funds:				
Police Officers' Pension	231,963	111,193	194,088	149,068
K-9 Donations	2,034	1,271	1,566	1,739
Domestic Violence Abuse	-	1,911	585	1,326
Police Programs	-	8,799	2,240	6,559
Robert Covault Memorial	30,843	73,850	-	104,693
Payroll	76,277	4,914,100	4,892,715	97,662
Law Enforcement User Fees	9,957	3,495	3,045	10,407
City Court	21,944	203,738	207,443	18,239
1977 Fire Pension	-	9,062	9,062	-
1977 Police Pension	-	43,046	43,044	2
County Court Costs	22	54,540	54,536	26
Judicial Salary Fee	1,010	3,524	4,247	287
Totals	\$ 10,497,573	\$ 33,701,243	\$ 33,159,821	\$ 11,038,995

The accompanying notes are an integral part of the financial information.

CITY OF BLUFFTON
NOTES TO FINANCIAL INFORMATION

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 FINANCIAL INFORMATION
(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.

CITY OF BLUFFTON
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

December 31, 2006

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,816,361
Infrastructure	2,475,785
Buildings	1,500,337
Improvements other than buildings	792,777
Machinery and equipment	<u>2,938,480</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 9,523,740</u>
 Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 218,616
Construction in progress	20,965
Capital assets, being depreciated:	
Buildings	363,412
Improvements other than buildings	6,574,833
Machinery and equipment	<u>442,169</u>
 Total Water Utility capital assets	 <u>7,619,995</u>
 Wastewater Utility:	
Capital assets, not being depreciated:	
Land	518,295
Capital assets, being depreciated:	
Buildings	413,239
Improvements other than buildings	9,746,249
Machinery and equipment	<u>3,640,516</u>
 Total Wastewater Utility capital assets	 <u>14,318,299</u>
 Electric Utility:	
Capital assets, not being depreciated:	
Land	49,116
Capital assets, being depreciated:	
Buildings	1,358,071
Improvements other than buildings	10,161,654
Machinery and equipment	<u>3,712,760</u>
 Total Electric Utility capital assets	 <u>15,281,601</u>
 Total business-type activities capital assets	 <u>\$ 37,219,895</u>

CITY OF BLUFFTON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

December 31, 2006

Description of Debt	Ending Balance	Due Within One Year
Business-type Activities:		
Wastewater Utility		
Revenue bonds:		
1995 Sewage works revenue bonds	\$ 3,815,000	\$ 190,000
1996 Sewage works revenue bonds	<u>585,000</u>	<u>-</u>
Total business-type activities long-term debt	<u>\$ 4,400,000</u>	<u>\$ 190,000</u>

CITY OF BLUFFTON
EXIT CONFERENCE

The contents of this report were discussed on September 6, 2007, with Nancy S. Hewitt, Clerk-Treasurer. Our examination disclosed no material items that warrant comment at this time.