

**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, 2009 to December 31, 2009



**FILED**  
11/30/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Tamara D. Runyon	01-01-08 to 12-31-11
Mayor	Ted L. Ellis	01-01-08 to 12-31-11
President of the Board of Public Works	Ted L. Ellis	01-01-08 to 12-31-11
President of the Common Council	James E. Phillabaum	01-01-09 to 12-31-10
Superintendent of the Water Utility	Edward C. Davis	01-01-09 to 12-31-10
Superintendent of the Wastewater Utility	Robert Mohler Mark K. Baller (Interim) Robin L. Merchant	01-01-09 to 01-23-09 01-24-09 to 04-11-10 04-12-10 to 12-31-10
Superintendent of the Electric Utility	Edward C. Davis	01-01-09 to 12-31-10
Utility Office Manager	Roy D. Esmond	01-01-09 to 12-31-10



**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 financial information presented herein of the City of Bluffton (City), for the period of January 1, 2009 to December 31, 2009. 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, 2009, 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 14, 2010

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, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
<b>Governmental Funds:</b>				
General	\$ 290,075	\$ 5,077,540	\$ 4,838,097	\$ 529,518
Motor Vehicle Highway	184,860	894,231	916,953	162,138
Local Road and Street	19,108	39,936	30,484	28,560
Park and Recreation	13,843	883,556	740,539	156,860
Law Enforcement Continuing Education	36,501	13,487	160	49,828
EDC Miscellaneous Revenue	670,780	128,658	-	799,438
Animal Shelter Veterinarian Fee	14,248	8,051	7,723	14,576
DARE	3,725	5,573	3,255	6,043
Detect Grant	21,924	25,718	13,458	34,184
Nonreverting Wells Community Pool	108,728	114,458	112,415	110,771
Clerk Perpetual	23,734	2,298	-	26,032
Police Training	1,655	-	50	1,605
Grants	5,253	32,413	35,522	2,144
Rainy Day	218,574	395,617	200,000	414,191
Flood Buy-Out Program	410	1	411	-
Bluffton/Wells County Communications Tower	40	1,399	1,399	40
Park and Recreation Dance	1,634	1,970	987	2,617
Park and Recreation Sports	12,499	5,628	2,313	15,814
Park and Recreation Special Programs	13,799	5,708	4,908	14,599
Special Designated Projects	14,375	5,604	7,645	12,334
Park Special Collections	3,573	408	3,473	508
Cumulative Capital Improvement	234,725	30,522	16,313	248,934
Unsafe Buildings	10,620	-	-	10,620
General Improvement	68,929	47,456	13,140	103,245
Cumulative Capital Development	614,222	169,058	58,494	724,786
Economic Development Income Tax	1,340,741	947,901	930,583	1,358,059
Nonreverting Park and Recreation Land	39,952	39,950	41,950	37,952
Park and Recreation Capital Improvements	10,271	7,050	-	17,321
LOIT - Public Safety	80,768	92,035	-	172,803
<b>Proprietary Funds:</b>				
Water Utility - Operating	20,049	1,532,972	1,463,516	89,505
Water Utility - Depreciation	6	-	-	6
Water Utility - North Oaks Escrow	30,879	-	-	30,879
Wastewater Utility - Operating	121,555	2,883,890	2,839,645	165,800
Wastewater Utility - Bond and Interest	37,999	609,228	609,220	38,007
Wastewater Utility - Improvement	519,945	1,075	60,794	460,226
Wastewater Utility - Debt Reserve	637,532	637,532	637,532	637,532
Electric Utility - Operating	4,153,699	19,613,422	19,396,611	4,370,510
Electric Utility - Insurance Reserve	144,340	48,000	-	192,340
Electric Utility - Depreciation	449,810	1,017,862	570,905	896,767
Electric Utility - Customer Deposits	293,934	95,081	81,287	307,728
Electric Utility - Reserve	76,054	79,224	79,224	76,054
Self Insurance	1,412,395	2,164,766	1,932,337	1,644,824
<b>Fiduciary Funds:</b>				
Police Officers' Pension	8,858	436,903	340,698	105,063
K-9 Donations	1,375	1,077	1,330	1,122
Domestic Violence Abuse	453	1,250	1,193	510
Police Programs	8,299	4,953	6,685	6,567
Robert Covault Memorial	104,481	19,950	109,947	14,484
Animal Care Donations	18,964	5,353	5,210	19,107
Payroll	124,583	5,421,854	5,415,665	130,772
Law Enforcement User Fees	15,370	3,839	4,743	14,466
City Court	6,663	190,827	190,675	6,815
1977 Fire Pension	389	23,182	23,571	-
1977 Police Pension	1,896	87,449	89,345	-
County Court Costs	32	39,714	39,684	62
Roush Memorial Park	370	-	-	370
Veterans Memorial Park	-	1,478	-	1,478
Adams Street Redevelopment	-	46,278	-	46,278
<b>Totals</b>	<b>\$ 12,249,496</b>	<b>\$ 43,943,385</b>	<b>\$ 41,880,089</b>	<b>\$ 14,312,792</b>

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, 2009

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 backtrending (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	\$ 2,349,841
Infrastructure	2,475,785
Buildings	1,978,790
Improvements other than buildings	1,166,790
Machinery and equipment	3,222,122
Construction in progress	<u>478,085</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 11,671,413</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	6,685,487
Machinery and equipment	<u>437,558</u>
Total Water Utility capital assets	<u>7,726,038</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	573,560
Construction in progress	1,507
Capital assets, being depreciated:	
Buildings	413,239
Improvements other than buildings	9,609,990
Machinery and equipment	<u>3,778,122</u>
Total Wastewater Utility capital assets	<u>14,376,418</u>
Electric Utility:	
Capital assets, not being depreciated:	
Land	49,116
Capital assets, being depreciated:	
Buildings	1,485,510
Improvements other than buildings	11,058,962
Machinery and equipment	<u>4,575,288</u>
Total Electric Utility capital assets	<u>17,168,876</u>
Total business-type activities capital assets	<u>\$ 39,271,332</u>

CITY OF BLUFFTON  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2009

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
1995 Sewage works revenue bonds	\$ 2,590,000	\$ 291,369
1996 Sewage works revenue bonds	<u>585,000</u>	<u>14,991</u>
Total business-type activities long-term debt	<u>\$ 3,175,000</u>	<u>\$ 306,360</u>

CITY OF BLUFFTON  
OTHER REPORT

The report presented herein was prepared in addition to another report prepared for the City of Bluffton Municipal Utilities.

CITY OF BLUFFTON  
EXIT CONFERENCE

The contents of this report were discussed on September 14, 2010, with Tamara D. Runyon, Clerk-Treasurer; and Ted L. Ellis, Mayor. Our examination disclosed no material items that warrant comment at this time.