

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, 2007 to December 31, 2007



FILED
10/30/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Nancy S. Hewitt Tamara D. Runyon	01-01-04 to 12-31-07 01-01-08 to 12-31-11
Mayor	Ted L. Ellis	01-01-04 to 12-31-11
President of the Board of Public Works	Ted L. Ellis	01-01-04 to 12-31-11
President of the Common Council	James E. Phillabaum	01-01-07 to 12-31-08
Superintendent of the Water Utility	Edward C. Davis	01-01-07 to 12-31-08
Superintendent of the Wastewater Utility	Robert Mohler	01-01-07 to 12-31-08
Superintendent of the Electric Utility	Edward C. Davis	01-01-07 to 12-31-08
Utility Office Manager	Roy D. Esmond	01-01-07 to 12-31-08



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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, 2007 to December 31, 2007. 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, 2007, 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 18, 2008

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, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 684,050	\$ 4,743,325	\$ 4,659,962	\$ 767,413
Motor Vehicle Highway	618,591	576,223	741,861	452,953
Local Road and Street	11,949	44,435	34,958	21,426
Park and Recreation	145,217	707,215	662,388	190,044
Law Enforcement Continuing Education	31,190	8,919	12,988	27,121
EDC Miscellaneous Revenue	998,037	543,668	516,248	1,025,457
Animal Shelter Veterinarian Fee	16,158	9,366	9,958	15,566
DARE	2,190	5,007	5,078	2,119
Detect Grant	43,784	21,992	31,413	34,363
Nonreverting Wells Community Pool	94,202	103,946	96,510	101,638
Clerk Perpetual	28,269	3,240	10,627	20,882
Police Training	1,985	-	330	1,655
Grants	1,521	152,439	152,848	1,112
Rainy Day	56,162	95,517	-	151,679
Flood Buy-Out Program	68,332	54,765	120,584	2,513
Bluffton/Wells County Communications Tower	40	1,399	1,399	40
Park and Recreation Dance	506	1,847	1,049	1,304
Park and Recreation Sports	10,897	6,821	4,172	13,546
Park and Recreation Special Programs	5,594	5,617	426	10,785
Special Designated Projects	9,857	22,547	17,764	14,640
Park Special Collections	3,273	400	600	3,073
Cumulative Capital Improvement	180,334	89,114	63,809	205,639
Unsafe Buildings	10,620	-	-	10,620
General Improvement	74,977	17,507	7,512	84,972
Cumulative Capital Development	486,449	168,650	105,163	549,936
Economic Development Income Tax	1,162,997	880,755	848,820	1,194,932
Nonreverting Park and Recreation Land	36,030	114,432	36,892	113,570
Animal Shelter Building	896	-	-	896
Park and Recreation Capital Improvements	57,651	7,937	65	65,523
Proprietary Funds:				
Water Utility - Operating	31,313	1,435,282	1,412,102	54,493
Water Utility - Depreciation	6	-	-	6
Water Utility - North Oaks Escrow	18,000	12,879	-	30,879
Wastewater Utility - Operating	868,599	2,707,600	2,918,400	657,799
Wastewater Utility - Bond and Interest	39,124	605,403	605,965	38,562
Wastewater Utility - Improvement	510,836	195,995	80,288	626,543
Wastewater Utility - Debt Reserve	637,532	-	-	637,532
Electric Utility - Operating	2,536,784	16,448,724	15,213,694	3,771,814
Electric Utility - Insurance Reserve	48,340	48,000	-	96,340
Electric Utility - Depreciation	190,819	758,733	554,586	394,966
Electric Utility - Customer Deposits	254,633	68,000	44,007	278,626
Electric Utility - Reserve	76,054	79,224	79,224	76,054
Self Insurance	595,189	1,631,850	1,113,814	1,113,225
Fiduciary Funds:				
Police Officers' Pension	149,068	125,128	224,293	49,903
K-9 Donations	1,739	1,418	1,351	1,806
Domestic Violence Abuse	1,326	768	1,398	696
Police Programs	6,559	4,452	5,290	5,721
Robert Covault Memorial	104,693	5,635	5,847	104,481
Animal Care Donations	-	1,884	182	1,702
Payroll	97,662	5,134,563	5,149,615	82,610
Law Enforcement User Fees	10,407	3,571	2,160	11,818
City Court	18,239	212,232	222,851	7,620
1977 Fire Pension	-	17,489	6,995	10,494
1977 Police Pension	2	86,180	33,713	52,469
County Court Costs	26	56,737	45,039	11,724
Judicial Salary Fee	287	-	287	-
Totals	\$ 11,038,995	\$ 38,028,830	\$ 35,864,525	\$ 13,203,300

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, 2007

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	\$ 1,937,711
Infrastructure	2,475,785
Buildings	1,556,071
Improvements other than buildings	799,312
Machinery and equipment	3,259,186
Construction in progress	<u>336,965</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 10,365,030</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	6,616,443
Machinery and equipment	<u>440,632</u>
Total Water Utility capital assets	<u>7,660,068</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	538,060
Capital assets, being depreciated:	
Buildings	413,239
Improvements other than buildings	9,752,272
Machinery and equipment	<u>3,643,644</u>
Total Wastewater Utility capital assets	<u>14,347,215</u>
Electric Utility:	
Capital assets, not being depreciated:	
Land	49,116
Capital assets, being depreciated:	
Buildings	1,415,010
Improvements other than buildings	10,547,245
Machinery and equipment	<u>3,777,839</u>
Total Electric Utility capital assets	<u>15,789,210</u>
Total business-type activities capital assets	<u>\$ 37,796,493</u>

CITY OF BLUFFTON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The City has entered into the following debt:

Description of Asset	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type Activities:		
Wastewater Utility		
Revenue bonds:		
1995 Sewage works revenue bonds	\$ 3,430,000	\$ 292,816
1996 Sewage works revenue bonds	<u>585,000</u>	<u>14,991</u>
Total business-type activities long-term debt	<u>\$ 4,015,000</u>	<u>\$ 307,807</u>

CITY OF BLUFFTON
OTHER REPORTS

The report presented herein was prepared in addition to other official reports prepared for the individual City offices listed below:

City Court
Municipal Utilities

CITY OF BLUFFTON
EXIT CONFERENCE

The contents of this report were discussed on September 18, 2008, with Nancy S. Hewitt, former Clerk-Treasurer; Tamara D. Runyon, Clerk-Treasurer; and Ted L. Ellis, Mayor. Our examination disclosed no material items that warrant comment at this time.