

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, 2008 to December 31, 2008



FILED
12/28/2009

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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	01-01-08 to 12-31-09
Superintendent of the Water Utility	Edward C. Davis	01-01-08 to 12-31-09
Superintendent of the Wastewater Utility	Robert Mohler	01-01-08 to 01-23-09
Superintendent of the Electric Utility	Edward C. Davis	01-01-08 to 12-31-09
Utility Office Manager	Roy D. Esmond	01-01-08 to 12-31-09



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, 2008 to December 31, 2008. 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, 2008, 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

November 17, 2009

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, 2008

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 767,413	\$ 4,831,295	\$ 5,308,633	\$ 290,075
Motor Vehicle Highway	452,953	551,187	819,280	184,860
Local Road and Street	21,426	42,682	45,000	19,108
Park and Recreation	190,044	466,238	642,439	13,843
Law Enforcement Continuing Education	27,121	9,380	-	36,501
EDC Miscellaneous Revenue	1,025,457	1,096,713	1,451,390	670,780
Animal Shelter Veterinarian Fee	15,566	8,422	9,740	14,248
DARE	2,119	4,742	3,136	3,725
Detect Grant	34,363	8,932	21,371	21,924
Nonreverting Wells Community Pool	101,638	108,858	101,768	108,728
Clerk Perpetual	20,882	2,852	-	23,734
Police Training	1,655	-	-	1,655
Grants	1,112	109,111	104,970	5,253
Rainy Day	151,679	166,895	100,000	218,574
Flood Buy-Out Program	2,513	3	2,106	410
Bluffton/Wells County Communications Tower	40	1,399	1,399	40
Park and Recreation Dance	1,304	1,485	1,155	1,634
Park and Recreation Sports	13,546	6,067	7,114	12,499
Park and Recreation Special Programs	10,785	7,701	4,687	13,799
Special Designated Projects	14,640	8,465	8,730	14,375
Park Special Collections	3,073	500	-	3,573
Cumulative Capital Improvement	205,639	36,476	7,390	234,725
Unsafe Buildings	10,620	-	-	10,620
General Improvement	84,972	15,112	31,155	68,929
Cumulative Capital Development	549,936	136,680	72,394	614,222
Economic Development Income Tax	1,194,932	905,716	759,907	1,340,741
Nonreverting Park and Recreation Land	113,570	39,951	113,569	39,952
Animal Shelter Building	896	-	896	-
Park and Recreation Capital Improvements	65,523	87,680	142,932	10,271
LOIT - Public Safety	-	80,768	-	80,768
Proprietary Funds:				
Water Utility - Operating	54,493	1,472,227	1,506,671	20,049
Water Utility - Depreciation	6	-	-	6
Water Utility - North Oaks Escrow	30,879	-	-	30,879
Wastewater Utility - Operating	657,799	2,629,042	3,165,286	121,555
Wastewater Utility - Bond and Interest	38,562	610,385	610,948	37,999
Wastewater Utility - Improvement	626,543	167,688	274,286	519,945
Wastewater Utility - Debt Reserve	637,532	1,275,064	1,275,064	637,532
Electric Utility - Operating	3,771,814	17,259,618	16,877,733	4,153,699
Electric Utility - Insurance Reserve	96,340	48,000	-	144,340
Electric Utility - Depreciation	394,966	809,328	754,484	449,810
Electric Utility - Customer Deposits	278,626	58,095	42,787	293,934
Electric Utility - Reserve	76,054	79,224	79,224	76,054
Self-Insurance	1,113,225	2,123,493	1,824,323	1,412,395
Fiduciary Funds:				
Police Officers' Pension	49,903	293,509	334,554	8,858
K-9 Donations	1,806	1,455	1,886	1,375
Domestic Violence Abuse	696	25	268	453
Police Programs	5,721	6,056	3,478	8,299
Robert Covault Memorial	104,481	-	-	104,481
Animal Care Donations	1,702	17,707	445	18,964
Payroll	82,610	5,303,121	5,261,148	124,583
Law Enforcement User Fees	11,818	5,112	1,560	15,370
City Court	7,620	252,200	253,157	6,663
1977 Fire Pension	10,494	18,389	28,494	389
1977 Police Pension	52,469	88,711	139,284	1,896
County Court Costs	11,724	48,816	60,508	32
Roush Memorial Park	-	370	-	370
Totals	<u>\$ 13,203,300</u>	<u>\$ 41,302,945</u>	<u>\$ 42,256,749</u>	<u>\$ 12,249,496</u>

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.

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.

CITY OF BLUFFTON
NOTES TO FINANCIAL INFORMATION
(Continued)

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.

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, 2008

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	\$ 2,015,676
Infrastructure	2,475,785
Buildings	1,978,790
Improvements other than buildings	940,680
Machinery and equipment	3,179,846
Construction in progress	<u>460,450</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 11,051,227</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	6,672,672
Machinery and equipment	<u>439,095</u>
Total Water Utility capital assets	<u>7,714,760</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	548,734
Capital assets, being depreciated:	
Buildings	413,239
Improvements other than buildings	9,609,990
Machinery and equipment	<u>3,745,034</u>
Total Wastewater Utility capital assets	<u>14,316,997</u>
Electric Utility:	
Capital assets, not being depreciated:	
Land	49,116
Capital assets, being depreciated:	
Buildings	1,430,640
Improvements other than buildings	10,915,201
Machinery and equipment	<u>4,565,794</u>
Total Electric Utility capital assets	<u>16,960,751</u>
Total business-type activities capital assets	<u>\$ 38,992,508</u>

CITY OF BLUFFTON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

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	\$ 3,020,000	\$ 292,361
1996 Sewage works revenue bonds	<u>585,000</u>	<u>14,990</u>
Total business-type activities long-term debt	<u>\$ 3,605,000</u>	<u>\$ 307,351</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
EXAMINATION RESULT AND COMMENT

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$1,873 were paid to the Internal Revenue Service on November 5, 2008, for payroll dated August 21, 2008. Taxes were remitted to the Internal Revenue Service on September 2, 2008.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest, or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF BLUFFTON
EXIT CONFERENCE

The contents of this report were discussed on November 17, 2009, with Tamara D. Runyon, Clerk-Treasurer; and Ted L. Ellis, Mayor. The officials concurred with our finding.