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

ANNUAL FINANCIAL REPORT

2009

CITY OF BLOOMINGTON

MONROE COUNTY, INDIANA



**FILED**  
09/30/2010



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Michael Trexler	01-01-09 to 12-31-10
Mayor	Mark Kruzan	01-01-09 to 12-31-10
President of the Board of Public Works	Charlotte Zietlow	01-01-09 to 12-31-10
President of the Common Council	Andrew Ruff Isabel Piedmont-Smith	01-01-09 to 12-31-09 01-01-10 to 12-31-10
Superintendent of Utilities	Patrick Murphy	01-01-09 to 12-31-10



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE CITY OF BLOOMINGTON, MONROE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bloomington (City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2009, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In our opinion, the financial statements of the enterprise funds present fairly, in all material respects, the financial position of each major proprietary fund as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and for the year ended, in conformity with accounting principles generally accepted in the United States.

In accordance with Government Auditing Standards, we have also issued a report dated August 16, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress and Budgetary Comparison Schedules, as listed in the Table of Contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City has not presented Management's Discussion and Analysis, that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the Table of Contents, and Schedule of Capital Assets are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The City's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the City's response and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

August 16, 2010



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CITY OF BLOOMINGTON, MONROE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bloomington (City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 16, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in item 2009-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2009-1.

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response and Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, Bloomington City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 16, 2010

CITY OF BLOOMINGTON  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2009

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets			
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Totals	Transportation Corporation
Primary government:								
Governmental activities:								
General government	\$ 10,806,815	\$ 1,031,545	\$ 479,767	\$ -	\$ (9,295,503)	\$ -	\$ (9,295,503)	\$ -
Public safety	22,048,077	2,159,816	-	-	(19,888,261)	-	(19,888,261)	-
Highways and streets	5,598,326	1,055,505	262,070	-	(4,280,751)	-	(4,280,751)	-
Sanitation	1,922,379	933,419	-	-	(988,960)	-	(988,960)	-
Culture and recreation	15,442,146	2,867,737	-	-	(12,574,409)	-	(12,574,409)	-
Urban redevelopment and housing	6,031,052	-	-	1,044,275	(4,986,777)	-	(4,986,777)	-
Principal and interest on indebtedness	3,855,247	-	-	-	(3,855,247)	-	(3,855,247)	-
<b>Total governmental activities</b>	<b>65,704,042</b>	<b>8,048,022</b>	<b>741,837</b>	<b>1,044,275</b>	<b>(55,869,908)</b>	<b>-</b>	<b>(55,869,908)</b>	<b>-</b>
Business-type activities:								
Water	11,091,610	9,805,101	-	307,284	-	(979,225)	(979,225)	-
Wastewater	15,885,882	14,870,448	-	4,450	-	(1,010,984)	(1,010,984)	-
<b>Total business-type activities</b>	<b>26,977,492</b>	<b>24,675,549</b>	<b>-</b>	<b>311,734</b>	<b>-</b>	<b>(1,990,209)</b>	<b>(1,990,209)</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 92,681,534</b>	<b>\$ 32,723,571</b>	<b>\$ 741,837</b>	<b>\$ 1,356,009</b>	<b>(55,869,908)</b>	<b>(1,990,209)</b>	<b>(57,860,117)</b>	<b>-</b>
Component unit:								
Transportation Corporation	\$ 8,366,087	\$ 1,685,308	\$ 3,842,804	\$ 2,058,715	-	-	-	(779,260)
<b>Total component unit</b>	<b>\$ 8,366,087</b>	<b>\$ 1,685,308</b>	<b>\$ 3,842,804</b>	<b>\$ 2,058,715</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(779,260)</b>
General receipts:								
Property taxes					37,091,426	-	37,091,426	1,146,398
Intergovernmental					17,892,696	-	17,892,696	-
Other local sources					1,966,700	945,739	2,912,439	-
Net proceeds from borrowings					6,399,045	-	6,399,045	-
Grants and contributions not restricted to specific programs					192,211	-	192,211	-
Investment earnings					541,676	92,658	634,334	16,227
Special Item					2,708,841	-	2,708,841	-
Transfers					110,179	(110,179)	-	-
<b>Total general receipts, special item, and transfers</b>					<b>66,902,774</b>	<b>928,218</b>	<b>67,830,992</b>	<b>1,162,625</b>
<b>Change in net assets</b>					<b>11,032,866</b>	<b>(1,061,991)</b>	<b>9,970,875</b>	<b>383,365</b>
<b>Net assets - beginning</b>					<b>33,405,119</b>	<b>15,377,156</b>	<b>48,782,275</b>	<b>1,702,486</b>
<b>Net assets - ending</b>					<b>\$ 44,437,985</b>	<b>\$ 14,315,165</b>	<b>\$ 58,753,150</b>	<b>\$ 2,085,851</b>
<b>Assets</b>								
Cash and investments					\$ 43,477,947	\$ 7,602,155	\$ 51,080,102	\$ 1,531,691
Cash with fiscal agent					-	5,182,920	5,182,920	-
Restricted assets:								
Cash and investments					960,038	1,530,090	2,490,128	554,160
<b>Total assets</b>					<b>\$ 44,437,985</b>	<b>\$ 14,315,165</b>	<b>\$ 58,753,150</b>	<b>\$ 2,085,851</b>
<b>Net Assets</b>								
Restricted for:								
General government					\$ 178,151	\$ -	\$ 178,151	\$ -
Highways and streets					80,481	-	80,481	-
Debt service					-	6,713,010	6,713,010	-
Capital outlay					648,733	-	648,733	554,160
Other purposes					52,673	-	52,673	-
Unrestricted					43,477,947	7,602,155	51,080,102	1,531,691
<b>Total net assets</b>					<b>\$ 44,437,985</b>	<b>\$ 14,315,165</b>	<b>\$ 58,753,150</b>	<b>\$ 2,085,851</b>

The notes to the financial statements are an integral part of this statement.

CITY OF BLOOMINGTON  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2009

	General	Street and Road	Park	Rainy Day	Parks Nonreverting Operating	Redevelopment TIF Downtown	Redevelopment TIF Whitehall	Downtown CRED	Other Governmental Funds	Totals
<b>Receipts:</b>										
Taxes	\$ 20,068,369	\$ -	\$ 7,085,898	\$ -	\$ -	\$ 2,498,673	\$ 1,275,959	\$ -	\$ 6,162,527	\$ 37,091,426
Licenses and permits	225,755	-	-	-	-	-	-	-	-	225,755
Intergovernmental	10,565,361	3,474,455	413,636	490,135	-	-	-	1,000,000	3,598,330	19,541,917
Charges for services	856,940	-	1,165,991	-	1,706,004	-	-	-	2,898,073	6,627,008
Fines and forfeits	80,180	-	-	-	30	-	-	-	1,340,804	1,421,014
Other	150,065	-	24,151	53,654	116,028	78,721	68,078	72,988	1,032,654	1,596,339
<b>Total receipts</b>	<b>31,946,670</b>	<b>3,474,455</b>	<b>8,689,676</b>	<b>543,789</b>	<b>1,822,062</b>	<b>2,577,394</b>	<b>1,344,037</b>	<b>1,072,988</b>	<b>15,032,388</b>	<b>66,503,459</b>
<b>Disbursements:</b>										
General government	7,843,252	-	-	-	-	-	-	150,000	398,356	8,391,608
Public safety	19,365,257	-	-	-	-	-	-	-	2,480,249	21,845,506
Highways and streets	606,211	4,648,444	-	-	-	-	-	-	293,000	5,547,655
Sanitation	-	-	-	-	-	-	-	-	1,922,379	1,922,379
Culture and recreation	-	-	6,071,322	-	2,004,222	-	-	-	449,820	8,525,364
Urban redevelopment and housing	1,330,955	-	-	-	-	228,161	13,290	-	3,920,051	5,492,457
<b>Debt service:</b>										
Principal	-	-	-	-	-	-	-	-	1,425,000	1,425,000
Interest	-	-	-	-	-	-	-	-	2,430,247	2,430,247
<b>Capital outlay:</b>										
General government	55,000	-	-	-	-	-	-	-	873,624	928,624
Public safety	185,679	-	-	-	-	-	-	-	16,892	202,571
Highways and streets	-	50,671	-	-	-	-	-	-	-	50,671
Culture and recreation	-	-	884,592	-	5,637,267	-	-	-	394,923	6,916,782
Urban redevelopment and housing	179,547	-	-	-	-	279,550	-	-	79,498	538,595
<b>Total disbursements</b>	<b>29,565,901</b>	<b>4,699,115</b>	<b>6,955,914</b>	<b>-</b>	<b>7,641,489</b>	<b>507,711</b>	<b>13,290</b>	<b>150,000</b>	<b>14,684,039</b>	<b>64,217,459</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>2,380,769</b>	<b>(1,224,660)</b>	<b>1,733,762</b>	<b>543,789</b>	<b>(5,819,427)</b>	<b>2,069,683</b>	<b>1,330,747</b>	<b>922,988</b>	<b>348,349</b>	<b>2,286,000</b>
<b>Other financing sources (uses):</b>										
Net proceeds from borrowings	-	-	-	-	6,399,045	-	-	-	-	6,399,045
Transfers in	225,694	875,000	50,000	-	-	354,913	182,827	-	6,705,705	8,394,139
Transfers out	(1,835,000)	-	(182,500)	(229,015)	-	(748,734)	(435,769)	-	(2,144,101)	(5,575,119)
Other receipts	100,630	63,974	14,471	-	75	169	-	-	53,267	232,586
<b>Total other financing sources (uses)</b>	<b>(1,508,676)</b>	<b>938,974</b>	<b>(118,029)</b>	<b>(229,015)</b>	<b>6,399,120</b>	<b>(393,652)</b>	<b>(252,942)</b>	<b>-</b>	<b>4,614,871</b>	<b>9,450,651</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>872,093</b>	<b>(285,686)</b>	<b>1,615,733</b>	<b>314,774</b>	<b>579,693</b>	<b>1,676,031</b>	<b>1,077,805</b>	<b>922,988</b>	<b>4,963,220</b>	<b>11,736,651</b>
<b>Cash and investment fund balance - beginning</b>	<b>(1,547,626)</b>	<b>1,277,128</b>	<b>(939,072)</b>	<b>4,763,707</b>	<b>344,156</b>	<b>4,138,776</b>	<b>3,787,965</b>	<b>3,883,682</b>	<b>14,307,668</b>	<b>30,016,384</b>
<b>Cash and investment fund balance - ending</b>	<b>\$ (675,533)</b>	<b>\$ 991,442</b>	<b>\$ 676,661</b>	<b>\$ 5,078,481</b>	<b>\$ 923,849</b>	<b>\$ 5,814,807</b>	<b>\$ 4,865,770</b>	<b>\$ 4,806,670</b>	<b>\$ 19,270,888</b>	<b>41,753,035</b>
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:										
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.										
										2,684,950
<b>Net assets of governmental activities</b>										<b>\$ 44,437,985</b>
<b>Cash and Investment Assets - Ending</b>										
Cash and investments	\$ (675,533)	\$ 910,961	\$ 676,661	\$ 5,078,481	\$ 923,849	\$ 5,814,807	\$ 4,865,770	\$ 4,806,670	\$ 18,619,566	\$ 41,021,232
<b>Restricted assets:</b>										
Cash and investments	-	80,481	-	-	-	-	-	-	651,322	731,803
<b>Total cash and investment assets - ending</b>	<b>\$ (675,533)</b>	<b>\$ 991,442</b>	<b>\$ 676,661</b>	<b>\$ 5,078,481</b>	<b>\$ 923,849</b>	<b>\$ 5,814,807</b>	<b>\$ 4,865,770</b>	<b>\$ 4,806,670</b>	<b>\$ 19,270,888</b>	<b>\$ 41,753,035</b>
<b>Cash and Investment Fund Balance - Ending</b>										
<b>Restricted for:</b>										
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,589	\$ 2,589
Highways and streets	-	80,481	-	-	-	-	-	-	-	80,481
Capital outlay	-	-	-	-	-	-	-	-	648,733	648,733
Permanent fund	-	-	-	-	-	-	-	-	1,000	1,000
<b>Unrestricted</b>	<b>(675,533)</b>	<b>910,961</b>	<b>676,661</b>	<b>5,078,481</b>	<b>923,849</b>	<b>5,814,807</b>	<b>4,865,770</b>	<b>4,806,670</b>	<b>18,618,566</b>	<b>41,020,232</b>
<b>Total cash and investment fund balance - ending</b>	<b>\$ (675,533)</b>	<b>\$ 991,442</b>	<b>\$ 676,661</b>	<b>\$ 5,078,481</b>	<b>\$ 923,849</b>	<b>\$ 5,814,807</b>	<b>\$ 4,865,770</b>	<b>\$ 4,806,670</b>	<b>\$ 19,270,888</b>	<b>\$ 41,753,035</b>

The notes to the financial statements are an integral part of this statement.

CITY OF BLOOMINGTON  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
December 31, 2009

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Totals</u>
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 1,586,527	\$ 6,015,628	\$ 7,602,155
Accounts receivable	219,698	217,834	437,532
Inventories	<u>582,225</u>	<u>-</u>	<u>582,225</u>
Total current assets	<u>2,388,450</u>	<u>6,233,462</u>	<u>8,621,912</u>
Noncurrent assets:			
Restricted cash and cash equivalents:			
Cash with fiscal agent	1,447,882	3,735,038	5,182,920
Debt service reserve	1,606	1,050	2,656
Debt reserve cash and cash equivalents	117	1,500,867	1,500,984
Cash hydrant meter rental	<u>26,450</u>	<u>-</u>	<u>26,450</u>
Total restricted assets:	<u>1,476,055</u>	<u>5,236,955</u>	<u>6,713,010</u>
Deferred charges	<u>241,088</u>	<u>495,452</u>	<u>736,540</u>
Capital assets:			
Land, improvements to land and construction in progress	4,185,329	13,485,047	17,670,376
Other capital assets (net of accumulated depreciation)	<u>61,889,290</u>	<u>87,613,035</u>	<u>149,502,325</u>
Total capital assets	<u>66,074,619</u>	<u>101,098,082</u>	<u>167,172,701</u>
Total noncurrent assets	<u>67,791,762</u>	<u>106,830,489</u>	<u>174,622,251</u>
Total assets	<u>70,180,212</u>	<u>113,063,951</u>	<u>183,244,163</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	536,269	629,692	1,165,961
Accrued payroll and withholdings	44,290	83,256	127,546
Taxes payable	32,154	-	32,154
Interfund payables:			
Interfund services provided and used	485,767	782,336	1,268,103
Compensated absences payable-short term	37,620	72,739	110,359
Capital lease payable	-	292,096	292,096
Notes and loans payable	1,304,000	1,509,467	2,813,467
Unearned revenue	-	135,939	135,939
Customer deposits	26,450	-	26,450
Revenue bonds payable	575,000	1,115,000	1,690,000
Accrued interest payable	<u>521,882</u>	<u>1,032,298</u>	<u>1,554,180</u>
Total current liabilities	<u>3,563,432</u>	<u>5,652,823</u>	<u>9,216,255</u>
Noncurrent liabilities:			
Revenue bonds payable (net of unamortized discounts and premium and deferral of loss on refunding)	8,445,732	26,677,746	35,123,478
Notes and loans payable	18,992,000	24,118,249	43,110,249
Capital leases payable	-	948,299	948,299
Compensated absences payable	91,517	181,498	273,015
Other postemployment benefits	57,770	86,656	144,426
Advances for construction	<u>285,013</u>	<u>-</u>	<u>285,013</u>
Total noncurrent liabilities	<u>27,872,032</u>	<u>52,012,448</u>	<u>79,884,480</u>
Total liabilities	<u>31,435,464</u>	<u>57,665,271</u>	<u>89,100,735</u>
<u>Net Assets</u>			
Invested in capital assets, net of related debt	37,295,143	50,161,725	87,456,868
Restricted for:			
Debt service	<u>1,449,605</u>	<u>5,236,955</u>	<u>6,686,560</u>
Total net assets	<u>\$ 38,744,748</u>	<u>\$ 55,398,680</u>	<u>\$ 94,143,428</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BLOOMINGTON  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
For The Year Ended December 31, 2009

	Enterprise Funds		
	Water Utility	Wastewater Utility	Totals
Operating revenues:			
Customer revenue	\$ 8,801,069	\$ 12,179,190	\$ 20,980,259
Fire protection revenue	855,743	-	855,743
Stormwater revenue	-	1,409,545	1,409,545
Tap fees	134,986	519,062	654,048
Other	337,003	215,573	552,576
	<u>10,128,801</u>	<u>14,323,370</u>	<u>24,452,171</u>
Total operating revenues			
Operating expenses:			
Administrative and general expense:			
Salaries and wages	854,731	1,326,348	2,181,079
Employee pensions and benefits	584,027	1,368,426	1,952,453
Insurance	218,927	242,872	461,799
General office and miscellaneous expense	210,959	151,577	362,536
Utilities	357,425	287,995	645,420
Taxes	303,270	354,369	657,639
Depreciation	2,077,687	2,768,614	4,846,301
Amortization	3,040	-	3,040
Interdepartmental funding agreement	81,526	122,289	203,815
Other services	108,909	176,355	285,264
Stormwater	-	690,629	690,629
Source of supply and expense/collection system expense:			
Operations and maintenance	810,531	1,333,357	2,143,888
Transmission and distribution/pumping expense:			
Operations and maintenance	1,285,591	377,244	1,662,835
Treatment and disposal expense - operations and maintenance:			
Salaries and wages	664,996	1,585,134	2,250,130
Operation expense	257,151	1,079,453	1,336,604
Maintenance	48,861	179,476	228,337
Treatment PCB	-	94,172	94,172
Sludge removal expense	-	26,807	26,807
Chemicals	769,466	217,709	987,175
Customer accounts expense	471,981	647,747	1,119,728
	<u>9,109,078</u>	<u>13,030,573</u>	<u>22,139,651</u>
Total operating expenses			
Operating income	<u>1,019,723</u>	<u>1,292,797</u>	<u>2,312,520</u>
Nonoperating revenues (expenses):			
Interest and investment revenue	22,122	70,536	92,658
Miscellaneous revenue	8,538	43,521	52,059
Gain on the sale of assets	-	32,000	32,000
Amortization of bond issue costs	(17,446)	(30,866)	(48,312)
Interest expense	(1,105,746)	(2,227,761)	(3,333,507)
	<u>(1,092,532)</u>	<u>(2,112,570)</u>	<u>(3,205,102)</u>
Total nonoperating revenue (expenses)			
Loss before contributions and transfers	<u>(72,809)</u>	<u>(819,773)</u>	<u>(892,582)</u>
Contributions	307,284	4,450	311,734
Transfers out	(38,852)	(71,327)	(110,179)
	<u>195,623</u>	<u>(886,650)</u>	<u>(691,027)</u>
Change in net assets			
Net assets - beginning as originally reported	38,549,125	56,445,610	94,994,735
Cumulative effect of prior period adjustment (Note IV.C.)	-	(160,280)	(160,280)
Net assets - beginning, restated	<u>38,549,125</u>	<u>56,285,330</u>	<u>94,834,455</u>
Total net assets - ending	<u>\$ 38,744,748</u>	<u>\$ 55,398,680</u>	<u>\$ 94,143,428</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BLOOMINGTON  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2009

	Enterprise Funds		
	Water Utility	Wastewater Utility	Totals
Cash flows from operating activities:			
Receipts from customers and users	\$ 9,805,101	\$ 14,870,448	\$ 24,675,549
Payments to suppliers	(3,767,827)	(4,075,366)	(7,843,193)
Payments to employees	(3,240,393)	(6,341,864)	(9,582,257)
Other receipts and payments	320,957	624,782	945,739
	3,117,838	5,078,000	8,195,838
Cash flows from noncapital financing activities:			
Transfers out	(38,852)	(71,327)	(110,179)
	(38,852)	(71,327)	(110,179)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(1,185,784)	(333,189)	(1,518,973)
Principal paid on capital debt	(1,811,188)	(2,836,883)	(4,648,071)
Interest paid on capital debt	(1,086,418)	(2,298,580)	(3,384,998)
Contributed capital	307,284	4,450	311,734
	(3,776,106)	(5,464,202)	(9,240,308)
Cash flows from investing activities:			
Interest received	22,122	70,536	92,658
	22,122	70,536	92,658
Net decrease in cash and cash equivalents	(674,998)	(386,993)	(1,061,991)
Cash and cash equivalents, January 1 (Including \$1,418,982, \$93,116, \$4,025, \$317,177 and \$22,400 and \$3,695,515, \$1,663,161, \$2,860 and \$1,527,956 for the water and wastewater utility, respectively, reported in restricted accounts)			
	3,737,580	11,639,576	15,377,156
Cash and cash equivalents, December 31 (Including \$1,447,882, \$1,606, \$117, \$26,450 and \$3,735,038, \$,1050, and \$1,500,867 for the water and wastewater utility, respectively, reported in restricted accounts)			
	\$ 3,062,582	\$ 11,252,583	\$ 14,315,165
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 1,019,723	\$ 1,292,797	\$ 2,312,520
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	2,077,687	2,768,614	4,846,301
Amortization expense	3,040	-	3,040
Change in assets and liabilities:			
Accounts receivable	9,253	764,635	773,888
Other receivables	-	-	-
Interfund receivables	-	-	-
Inventories	20,023	-	20,023
Customer deposits	4,050	-	4,050
Accounts payable	(352,221)	(409,464)	(761,685)
Accrued payroll and withholdings	(82,904)	(157,638)	(240,542)
Employee benefits payable	(34,099)	(51,147)	(85,246)
Taxes payable	(1,591)	-	(1,591)
Compensated absence payable	30,381	52,694	83,075
Interfund payables	484,284	775,972	1,260,256
Advances for construction	(68,326)	-	(68,326)
Deferred revenue	-	(1,984)	(1,984)
Other income and expense	8,538	43,521	52,059
	2,098,115	3,785,203	5,883,318
Net cash provided by operating activities	\$ 3,117,838	\$ 5,078,000	\$ 8,195,838
Noncash capital and financing activities:			
State loans payable acquired by direct payments to contractors for construction in progress	\$ -	\$ 10,252	\$ 10,252
Construction in progress addition from contracts payable	-	483,785	\$ 483,785
Capital lease acquired by capital lease financing	-	219,480	\$ 219,480

The notes to the financial statements are an integral part of this statement.

CITY OF BLOOMINGTON  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
INTERNAL SERVICE FUNDS  
As Of And For The Year Ended December 31, 2009

	<u>Internal Service Funds</u>
Operating receipts:	
Charges for services	\$ 8,657,927
Miscellaneous	<u>782,798</u>
Total operating receipts	<u>9,440,725</u>
Operating disbursements:	
Cost of sales and services	2,092,656
Insurance claims and expense	<u>8,051,854</u>
Total operating disbursements	<u>10,144,510</u>
Excess (deficiency) of receipts over disbursements	<u>(703,785)</u>
Cash and investment fund balance - beginning	<u>3,388,735</u>
Cash and investment fund balance - ending	<u>\$ 2,684,950</u>
 <u>Cash and Investment Assets - December 31</u>	
Cash and investments	\$ 2,509,388
Restricted assets:	
Cash and investments	<u>175,562</u>
Total cash and investment assets - December 31	<u>\$ 2,684,950</u>
 <u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Other purposes	\$ 175,562
Unrestricted	<u>2,509,388</u>
Total cash and investment fund balance - December 31	<u>\$ 2,684,950</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BLOOMINGTON  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2009

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Employer	\$ 540,009	\$ -	
State	3,567,307	-	
Total contributions	4,107,316	-	
Investment earnings:			
Interest	230,892	292	
Total additions	4,338,208	292	
Deductions:			
Benefits	3,141,979	-	
Administrative and general	7,577	-	
Total deductions	3,149,556	-	
Other financing sources (uses):			
Transfers out	(2,708,841)	-	
Total other financing sources (uses)	(2,708,841)	-	
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,520,189)	292	
Cash and investment fund balance - beginning	6,767,757	8,628	
Cash and investment fund balance - ending	\$ 5,247,568	\$ 8,920	\$ 402,962

The notes to the financial statements are an integral part of this statement.

CITY OF BLOOMINGTON  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Bloomington (City) was established under the laws of the State of Indiana. The primary government operates under a Council-Mayor form of government and provides the following services: public safety (police and fire), highways and streets, health, welfare and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, sewer, urban redevelopment and housing, and sanitation.

The accompanying financial statements present the activities of the City and its significant component unit. The component unit discussed below is included in the City's reporting entity because of the significance of their operational or financial relationships with the City. Discretely presented component units are involved in activities of an operational nature independent from the government; their transactions are reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Discretely Presented Component Unit

The Bloomington Public Transportation Corporation (Transit) is a significant discretely presented component unit of the City. The City appoints a voting majority of Transit's board and a financial benefit/burden relationship exists between the City and Transit.

Transit is a significant discretely presented component unit of the City. Transit is fiscally dependent on the City. It would be misleading to exclude Transit from the City's financial statements because of its relationship with the City.

Complete financial statements of the individual component unit may be obtained from its administrative office:

Bloomington Public Transportation Corporation  
130 West Grimes Lane  
Bloomington, Indiana 47401

B. Government-Wide and Fund Financial Statements

Government-wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Governmental, Internal Service and Fiduciary Funds

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds,

CITY OF BLOOMINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Enterprise Funds

The City has two business-type activity funds that report on the full accrual basis of accounting, the Bloomington Water Utility and the Bloomington Wastewater Utility.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statement, governmental fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary funds types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The accounts of the Water Utility and the Wastewater Utility are maintained and the financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those statements do not conflict with or contradict guidance of the Governmental Standards Accounting Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

The City reports the following major governmental funds:

The General Fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Street and Road Fund (special revenue) accounts for the financial resources and expenses for construction, operation and maintenance of local and arterial road and street systems. The Motor Vehicle Highway and Local Road and Street Funds have been combined to form the Street and Road Fund.

CITY OF BLOOMINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The Park Fund (special revenue) accounts for the financial resources and expenses for the construction, operation and maintenance of the City's park system.

The Rainy Day Fund (special revenue) accounts for the financial resources transferred from unused and unencumbered funds.

The Parks Nonreverting Operating Fund (special revenue) accounts for special community recreation programs.

The Redevelopment TIF Downtown Fund (capital projects) accounts for property tax revenues received from tax increment financing (TIF) of the Downtown Redevelopment Area. Revenues pay for infrastructure improvements inside or serving the TIF district.

The Redevelopment TIF Whitehall Fund (capital projects) accounts for property tax revenues received from tax increment financing (TIF) of the Whitehall Redevelopment Area. Revenues pay for infrastructure improvements inside or serving the TIF district.

The Downtown CRED Fund (capital projects) accounts for sales and income tax dollars generated by new business investment within the area. The community revitalization enhancement district (CRED) uses these funds for economic development purposes within the Downtown District and allows the City to undertake projects such as the creation of new infrastructure.

The City reports the following major proprietary funds:

The Water Utility Fund accounts for the operation of the City's water distribution system.

The Wastewater Utility Fund accounts for the operation of the City's wastewater treatment plant, pumping stations and collection systems as well as storm water.

Additionally, the City reports the following fund types:

The internal service funds account for Worker's Compensation, Unemployment Compensation, Fleet Maintenance, and Health Insurance Trust services provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the 1925 police and 1937 fire pension funds which accumulate resources for pension benefit payments.

The private-purpose trust fund reports a trust arrangement under which principal and income are to be used for sidewalks and improvements in the year 2076, to benefit the citizens of Bloomington.

Agency funds account for assets held by the City as an agent for employees and serves as control of accounts for certain cash transactions during the time they are a liability to the City.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the water, wastewater, and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF BLOOMINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Deposits and Investments

a. Governmental, Internal Service, and Fiduciary Funds

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

State statute (IC 5-13-9) authorizes the primary government 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, including the authorization to invest local pension funds in an external investment pool administered by the state public employee retirement system.

Nonparticipating interest bearing investment contracts, certificates of deposit, demand deposits and similar nonparticipating negotiable instruments that are not reported as cash and cash equivalents are reported as investments at cost.

The investments of the City consisted of amounts invested with an external investment pool reported at fair value and nonparticipating interest earning investment contracts reported at cost.

The City has invested \$1,675,750 in an external investment pool administered by the Public Employees' Retirement Fund Board of Trustees in accordance with IC 5-11-10.3-4.7. The fair value of the position in the pool is the same as the value of the pool shares. There is no regulatory oversight of the pool.

b. Enterprise Funds – Water Utility and Wastewater Utility; Component unit - Transit

The Utilities cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

CITY OF BLOOMINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The investments of Transit consisted entirely of nonparticipating interest earning investment contracts and are reported at cost.

Investment income, including changes in the fair value of investments, is reported as revenue in the operating statement.

2. Interfund Transactions and Balances – Enterprise Funds –  
Water Utility and Wastewater Utility

Activity between Utility funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund receivables/payables" (i.e., the current and noncurrent portion of interfund loans). All other outstanding balances between Utility funds are reported as "interfund services provided/used." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "transfers."

3. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and in December. State statutes (IC 6-1.1-17-16) require the 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 Department of Local Government Finance). Taxes may be paid in two equal installments that become delinquent if not paid by May 10 and November 10, respectively. Delinquent property taxes outstanding at year end for governmental and/or proprietary funds, net of allowances for uncollectible accounts, are recorded as a receivable with an offset to deferred revenue since the amounts are not considered available.

4. Inventories and Prepaid Items – Water Utility and Wastewater Utility and Transit

All inventories are valued at cost using the first in/first out (FIFO) method, and consist of maintenance supplies and replacement parts held for consumption.

Inventories for Transit consist of materials and supplies for repair and maintenance and are recorded using the average cost method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the enterprise fund financial statements.

5. Restricted Assets – Water Utility and Wastewater Utility

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets balance sheet because they are maintained separately and their use is limited by ordinance or applicable bond covenants.

6. Capital Assets

Capital assets, which include property, plant, and equipment are reported in the enterprise fund financial statements.

CITY OF BLOOMINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
<b>Business-type Activities – Utilities:</b>			
Buildings	\$ 10,000	Straight-line	40 to 60 yrs.
Improvements	10,000	Straight-line	10 to 80 yrs.
Equipment	10,000	Straight-line	5 to 30 yrs.
<b>Component Unit – Transit:</b>			
Buildings	1,000	Straight-line	30 yrs.
Improvements	1,000	Straight-line	10 to 30 yrs.
Equipment	1,000	Straight-line	3 to 12 yrs.

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

7. Compensated Absences

Paid time off (PTO) is earned by part and full-time employees based on the number of years employed and ranges from seven days to twenty-two days per year. PTO leave may be used for any purpose. PTO leave that has been credited and earned can be carried forward up to 280 hours based on the number of years of service, any remaining time will go to the employee's sick bank.

PTO leave carried forward is expected to be liquidated with expendable available financial resources, is reported as an expense and a liability of the enterprise fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources are reported as a long-term liability.

PTO leave not carried forward is converted to sick leave for employees not covered under a collective bargaining agreement. The employees under the agreement earn sick leave at the rate of one day per full-time equivalent month worked. The accumulation of sick leave is unlimited, but any unused balance is not paid to employees upon separation from employment. No liability is reported for unpaid accumulated sick leave.

CITY OF BLOOMINGTON  
NOTES TO FINANCIAL STATEMENTS  
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8. Long-Term Obligations

Governmental, Internal Service, and Fiduciary Funds

Long-term debt arising from the cash basis transactions of governmental funds is not reported as liabilities in the basis financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest is reported as disbursements.

Enterprise Funds – Water Utility and Wastewater Utility

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

9. Equity Classifications

Government-wide Statement - Statement of Activities

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the City's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end.

On or before August 31, the City Controller submits to the Common Council a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the Common Council to obtain taxpayer comments. In September of each year, the Common Council through the passage of an ordinance approves the budget for the next year. Copies of the budget ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Department of Local Government Finance. The budget becomes legally enacted after the City Controller receives approval of the Department of Local Government Finance.

CITY OF BLOOMINGTON  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the Common Council. The Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds; and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories. The City has not formally adopted a deposit policy for custodial credit risk.

B. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2009, the City had the following investments:

Investment Type	Fair Value
Pension Relief Investment Pool	\$ <u>1,675,750</u>

Investment Policies

Indiana Code 5-13-9 authorizes the City to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the unit to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of or interest in an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed fifty percent (50%) of the funds held by the City and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise; or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of or interest in an investment company or

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investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

The City may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the unit's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

At the option of the City, an additional distribution in a prior year of police and fire pension relief funds was held for investment in an external investment pool (Pension Relief Fund) by the Public Employees' Retirement Fund of Indiana (PERF). These deferred amounts invested in the Fund are available to participating cities and towns at their request. The Pension Relief Fund is invested to a target of 70% fixed income debt instruments and 30% domestic stock. The fair value of the City's investment in the Fund is the same as the value of pool shares. Domestic stock fair value as of December 31, 2009, was \$502,725, and fair value for the fixed income debt instruments was \$1,173,025.

Responsibility of regulatory oversight for the pool is assumed by the PERF governing board, under direction by statute to "invest its assets with the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims." Utilizing external investment managers, the PERF Board diversifies such investments in accordance with prudent investment standards.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City must follow state statute and limit the stated final maturities of the investments to no more than two years.

Interest rate risk of the Pension Relief Fund's fixed income portfolio, using the duration approach, is 3.66 years.

The City has not formally adopted policy for interest rate risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have a formal investment policy for credit risk for investments.

Investment Type	Fair Value	Rating
Pension Relief Investment Pool	<u>\$ 1,173,025</u>	Unrated

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NOTES TO FINANCIAL STATEMENTS  
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C. Capital Assets

Capital asset activity for the year ended December 31, 2009, was as follows:

<u>Primary government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 1,625,606	\$ -	\$ -	\$ -	\$ 1,625,606
Utility plant acquisition adjustment	32,423	-	3,039	-	29,384
Construction in progress	35,086,927	1,702,668	15,229,155	(5,545,054)	16,015,386
	<u>36,744,956</u>	<u>1,702,668</u>	<u>15,232,194</u>	<u>(5,545,054)</u>	<u>17,670,376</u>
Total capital assets, not being depreciated					
Capital assets, being depreciated:					
Buildings	30,599,417	1,845,865	-	2,586,386	35,031,668
Improvements other than buildings	154,354,330	3,132,570	-	2,958,668	160,445,568
Transportation equipment	4,171,830	-	-	-	4,171,830
Machinery and equipment	35,604,148	10,812,543	157,673	-	46,259,018
	<u>224,729,725</u>	<u>15,790,978</u>	<u>157,673</u>	<u>5,545,054</u>	<u>245,908,084</u>
Totals					
Less accumulated depreciation for:					
Buildings	7,506,431	683,612	-	43,106	8,233,149
Improvements other than buildings	53,879,147	2,705,016	-	117,174	56,701,337
Transportation equipment	4,137,758	9,494	-	-	4,147,252
Machinery and equipment	26,033,515	1,448,179	157,673	-	27,324,021
	<u>91,556,851</u>	<u>4,846,301</u>	<u>157,673</u>	<u>160,280</u>	<u>96,405,759</u>
Totals					
Total capital assets, being depreciated, net	<u>133,172,874</u>	<u>10,944,677</u>	<u>-</u>	<u>5,384,774</u>	<u>149,502,325</u>
Total business-type activity capital assets, net	<u>\$ 169,917,830</u>	<u>\$ 12,647,345</u>	<u>\$ 15,232,194</u>	<u>\$ (160,280)</u>	<u>\$ 167,172,701</u>

\*Prior period adjustment - see Note IV.,C.

<u>Discretely Presented Component Unit</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 2,905,322	\$ -	\$ -	\$ 2,905,322
Construction in Progress	-	95,040	-	95,040
	<u>2,905,322</u>	<u>95,040</u>	<u>-</u>	<u>3,000,362</u>
Total capital assets, not being depreciated				

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NOTES TO FINANCIAL STATEMENTS  
(Continued)

<u>Discretely Presented Component Unit</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Buildings	6,428,208	92,199	50,300	6,470,107
Improvements other than buildings	1,900	8,350	-	10,250
Office equipment	161,339	-	35,185	126,154
Shop equipment	80,361	-	-	80,361
Bus/passenger equipment	600,044	23,850	1,967	621,927
Motor equipment	<u>11,888,686</u>	<u>2,390,246</u>	<u>-</u>	<u>14,278,932</u>
 Totals	 <u>19,160,538</u>	 <u>2,514,645</u>	 <u>87,452</u>	 <u>21,587,731</u>
Less accumulated depreciation for:				
Buildings	2,330,258	214,274	18,443	2,526,089
Improvements other than buildings	412	126	-	538
Office equipment	120,117	12,083	35,185	97,015
Shop equipment	66,742	4,304	-	71,046
Bus/passenger equipment	197,395	73,854	984	270,265
Motor equipment	<u>6,148,361</u>	<u>796,562</u>	<u>-</u>	<u>6,944,923</u>
 Totals	 <u>8,863,285</u>	 <u>1,101,203</u>	 <u>54,612</u>	 <u>9,909,876</u>
 Total capital assets, being depreciated, net	 <u>10,297,253</u>	 <u>1,413,442</u>	 <u>32,840</u>	 <u>11,677,855</u>
 Total capital assets, net	 <u>\$ 13,202,575</u>	 <u>\$ 1,508,482</u>	 <u>\$ 32,840</u>	 <u>\$ 14,678,217</u>

Depreciation expense was charged to functions/programs of the City as follows:

Business-type activities:	
Water	\$ 2,077,687
Wastewater	<u>2,768,614</u>
Total depreciation expense - business-type activities	<u>\$ 4,846,301</u>

D. Construction Commitments

Construction in progress is composed of the following:

<u>Project</u>	<u>Total Project Authorized</u>	<u>Expended to December 31, 2009</u>	<u>Committed</u>	<u>Required Future Funding</u>
Water Projects	\$ 22,054,724	\$ 3,560,271	\$ 18,494,453	\$ -
Wastewater Projects	<u>25,197,204</u>	<u>12,455,115</u>	<u>12,742,089</u>	<u>-</u>
 Totals	 <u>\$ 47,251,928</u>	 <u>\$ 16,015,386</u>	 <u>\$ 31,236,542</u>	 <u>\$ -</u>

CITY OF BLOOMINGTON  
NOTES TO FINANCIAL STATEMENTS  
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E. Interfund Balances and Activity

1. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2009, is as follows:

Due From	Due to	Amount
Water Utility	General Fund	\$ 485,767
Wastewater Utility	General Fund	<u>782,336</u>
 Total		 <u><u>\$ 1,268,103</u></u>

Interfund balances resulted from the time lag between the dates that (1) Interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

2. Interfund Transfers

Interfund transfers at December 31, 2009, were as follows:

Transfer From	Transfer To						Totals
	General Fund	Park	Road and Street	Redevelopment TIF Whitehall	Redevelopment TIF Downtown	Nonmajor Governmental	
General Fund	\$ -	\$ -	\$ 875,000	\$ -	\$ -	\$ 960,000	\$ 1,835,000
Park	-	-	-	-	-	182,500	182,500
Rainy Day	115,515	50,000	-	-	-	63,500	229,015
Redevelopment TIF Downtown	-	-	-	-	-	748,734	748,734
Redevelopment TIF Whitehall	-	-	-	-	-	435,769	435,769
Nonmajor Governmental	-	-	-	182,827	354,913	1,606,361	2,144,101
Police and Fire Supplemental Trust	-	-	-	-	-	2,708,841	2,708,841
Water Utility	38,852	-	-	-	-	-	38,852
Wastewater Utility	<u>71,327</u>	-	-	-	-	-	<u>71,327</u>
 Totals	 <u>\$ 225,694</u>	 <u>\$ 50,000</u>	 <u>\$ 875,000</u>	 <u>\$ 182,827</u>	 <u>\$ 354,913</u>	 <u>\$ 6,705,705</u>	 <u>\$ 8,394,139</u>

The City typically uses transfers to fund ongoing operating subsidies and to transfer from various funds to debt service funds for current-year debt service requirements. Payments in lieu of taxes were made by the Utilities to the General Fund. The Police and Fire Supplemental Fund cash and investments balance was transferred to the new Vehicle Replacement Fund.

CITY OF BLOOMINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

F. Leases

1. Operating Leases

The City has no significant operating leases.

2. Capital Leases

The City has entered into various capital leases for buildings, transportation equipment, and various other improvements. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2009, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2010	\$ 2,993,420	\$ 338,888
2011	2,985,779	338,888
2012	2,851,054	338,888
2013	2,832,723	338,889
2014	2,847,335	-
2015-2019	10,455,368	-
2020-2024	5,026,378	-
2025-2029	4,019,178	-
2030-2034	<u>2,306,226</u>	<u>-</u>
 Total minimum lease payments	 36,317,461	 1,355,553
 Less amount representing interest	 <u>11,070,253</u>	 <u>115,158</u>
 Present value of net minimum lease payments	 <u>\$ 25,247,208</u>	 <u>\$ 1,240,395</u>

Assets acquired through capital leases still in effect are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Land	\$ 1,029,826	\$ -
Buildings	21,001,707	325,842
Improvements other than buildings	328,582	2,381,304
Machinery and equipment	1,779,354	219,480
Infrastructure	<u>2,436,329</u>	<u>-</u>
 Totals	 26,575,798	 2,926,626
 Accumulated depreciation	 <u>-</u>	 <u>439,068</u>
 Totals	 <u>\$ 26,575,798</u>	 <u>\$ 2,487,558</u>

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NOTES TO FINANCIAL STATEMENTS  
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G. Long-Term Liabilities

1. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding at year end are as follows:

Purpose	Interest Rates	Amount
\$2,430,000 2000 Redevelopment District; Installments of \$185,000 to \$250,000 plus interest; final payment due February 1, 2015	5.25% to 5.70%	\$ 1,300,000
\$6,200,000 2001 Park District; Installments of \$410,000 to \$420,000 plus interest; final payment due January 15, 2017	4.20% to 4.70%	3,330,000
\$6,200,000 2009 Street Construction Refunding Bonds; Installments of \$700,000 to \$865,000 plus interest; final payment due January 1, 2017	2.68% to 3.50%	6,200,000
\$2,295,000 2009 Park District Golf Course Construction Refunding Bond; Installments of \$205,000 to \$260,000 plus interest; final payment due February 1, 2019	3.00% to 3.95%	2,295,000
\$6,450,000 2009 Park District Bond (SportsPlex Project); Installments of \$25,000 to \$535,000 plus interest; final payment due January 1, 2029	2.00% to 4.75%	<u>6,450,000</u>
Totals		<u>\$ 19,575,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended December 31	Governmental Activities	
	Principal	Interest
2010	\$ 1,565,000	\$ 701,596
2011	1,515,000	631,123
2012	1,570,000	603,333
2013	1,850,000	761,738
2014	1,950,000	749,611
2015-2019	6,815,000	2,990,756
2020-2024	1,895,000	2,669,135
2025-2029	<u>2,415,000</u>	<u>2,711,840</u>
Totals	<u>\$ 19,575,000</u>	<u>\$ 11,819,132</u>

CITY OF BLOOMINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Revenue Bonds

The City issues bonds to be paid by income derived from the acquired or constructed assets. Revenue bonds outstanding at year end are as follows:

Purpose	Interest Rates	Amount
\$10,220,000 2003 Waterworks Refunding Revenue Bonds payable from the Waterworks Utility Bond and Interest Fund in installments of \$180,000 to \$275,000 plus interest through January 1, 2020	3.00% to 4.50%	\$ 4,625,000
\$5,320,000 2006 Waterworks Revenue Bonds payable from the Waterworks Utility Bond and Interest Fund in installments of \$95,000 to \$200,000 plus interest through January 1, 2027	3.90% to 4.83%	4,870,000
\$19,095,000 2003 Wastewater Refunding Revenue Bonds payable from the Wastewater Utility Bond and Interest Fund in installments of \$625,000 to \$1,310,000 plus interest through January 1, 2025	3.50% to 5.00%	14,655,000
\$8,200,000 1999 Wastewater Revenue Bonds payable from the Wastewater Utility Bond and Interest Fund in installments of \$205,000 to \$505,000 plus interest through January 1, 2029	4.75% to 5.20%	6,650,000
\$8,090,000 2006 Wastewater Revenue Bonds payable from the Wastewater Utility Bond and Interest Fund in installments of \$50,000 to \$600,000 plus interest through January 1, 2027	4.59% to 6.63%	<u>7,550,000</u>
Total		<u>\$ 38,350,000</u>

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Business-Type Activities	
	Principal	Interest
2010	\$ 1,690,000	\$ 1,823,749
2011	1,745,000	1,749,135
2012	1,810,000	1,673,289
2013	1,865,000	1,591,295
2014	1,955,000	1,480,093
2015-2019	11,340,000	5,881,548
2020-2024	11,665,000	3,037,867
2025-2029	<u>6,280,000</u>	<u>538,587</u>
Totals	<u>\$ 38,350,000</u>	<u>\$ 17,775,563</u>

CITY OF BLOOMINGTON  
NOTES TO FINANCIAL STATEMENTS  
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3. Loans Payable

The Water and Wastewater Utilities have made loan agreements with the State of Indiana through its revolving loan program to finance various construction projects. The funds are loaned as the construction costs are incurred.

The agreements provide for maximum loans of \$22,950,000 for the Water Utility and \$32,547,000 Wastewater Utility. As of December 31, 2009, the loan principal balances were \$20,296,000 for the Water Utility and \$25,627,716 for the Wastewater Utility with the outstanding principal balance of completed projects being \$20,296,000 for the Water Utility and \$17,105,000 for the Wastewater Utility.

Annual debt service requirements for the uncompleted loans will not be established until the construction projects are completed. As for the completed loans, the annual debt service requirement to maturity is as follows:

Year Ended December 31	Business Activities	
	Principal	Interest
2010	\$ 2,397,000	\$ 1,125,495
2011	2,466,000	1,051,898
2012	2,538,000	976,144
2013	2,611,000	898,199
2014	3,915,000	899,096
2015-2019	14,436,000	2,644,532
2020-2024	8,267,000	815,121
2024-2028	<u>771,000</u>	<u>26,745</u>
Totals	<u>\$ 37,401,000</u>	<u>\$ 8,437,229</u>

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2009, was as follows:

Primary Government	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation	\$ 14,055,000	\$ 6,715,000	\$ 1,195,000	\$ 19,575,000	\$ 1,565,000
Capital leases	<u>26,686,644</u>	<u>309,482</u>	<u>1,748,918</u>	<u>25,247,208</u>	<u>1,773,225</u>
Total governmental activities long-term liabilities	<u>\$ 40,741,644</u>	<u>\$ 7,024,482</u>	<u>\$ 2,943,918</u>	<u>\$ 44,822,208</u>	<u>\$ 3,338,225</u>

CITY OF BLOOMINGTON  
NOTES TO FINANCIAL STATEMENTS  
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<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Revenue bonds payable:					
Water Utility	\$ 10,385,000	\$ -	\$ 890,000	\$ 9,495,000	\$ 575,000
Wastewater Utility	29,935,000	-	1,080,000	28,855,000	1,115,000
Add unamortized premium	371,422	-	25,647	345,775	25,648
Less unamortized discount	53,526	-	4,439	49,087	4,572
Less deferred amount on refunding	<u>1,973,829</u>	<u>-</u>	<u>140,619</u>	<u>1,833,210</u>	<u>140,619</u>
Total revenue bonds payable	38,664,067	-	1,850,589	36,813,478	1,570,457
Loans payable	48,264,510	10,252	2,351,046	45,923,716	2,813,467
Capital leases	1,332,376	219,480	311,461	1,240,395	292,096
Notes payable	15,564	-	15,564	-	-
Compensated absences	300,299	83,075	-	383,374	110,359
Other postemployment benefits	<u>70,090</u>	<u>74,336</u>	<u>-</u>	<u>144,426</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 88,646,906</u>	<u>\$ 387,143</u>	<u>\$ 4,528,660</u>	<u>\$ 84,505,389</u>	<u>\$ 4,786,379</u>

IV. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Health Insurance

The City has chosen to establish a risk financing fund for risks associated with employee health claims. The risk financing fund is accounted for in the Health Insurance Trust Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$225,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Amounts are paid into the fund by all covered employees and by all insured funds are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon the percentage of each fund's current year eligible employees as it relates to the total eligible employees, and are reported as interfund services provided and used. Provisions are also made for unexpected and unusual claims.

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Claim expenditures and liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amounts of pay outs and other economic and social factors.

Changes in the balance of claim liabilities during the past two years are as follows:

	2009	2008
Unpaid claims, beginning of fiscal year	\$ 619,874	\$ 359,654
Incurred claims and changes in estimates	5,988,799	6,447,652
Claim payments	6,000,324	6,187,432
Unpaid claims, end of fiscal year	\$ 608,349	\$ 619,874

Workers Compensation

The City has chosen to establish a risk financing fund for risks associated with compensation claims. The risk financing fund is accounted for in the Risk Management Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$350,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Amounts are paid into the fund for all covered employees and for all insured funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums for workers compensation are based primarily upon the percentage of each fund's current year payroll as it relates to the total payroll and the fund's past claim experience, and are reported as interfund services provided and used. Provisions are also made for unexpected and unusual claims.

Claim expenditures and liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amounts of pay outs and other economic and social factors.

Changes in the balance of claim liabilities during the past two years are as follows:

	2009	2008
Unpaid claims, beginning of fiscal year	\$ 211,125	\$ 39,236
Incurred claims and changes in estimates	469,965	777,617
Claim payments	620,883	605,728
Unpaid claims, end of fiscal year	\$ 60,207	\$ 211,125

CITY OF BLOOMINGTON  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

B. Cash Balance Deficits

At December 31, 2009, the following funds reported deficits in cash balances:

Fund	Amount
General	\$ 675,533
1998 Street Bond II	27,491

Cash deficit balances were due to cash flow issues including the late year end property tax distributions by the county auditor.

C. Prior Period Adjustments

There were several construction in progress projects which had not been transferred to capital assets upon substantial completion of those projects. Prior period adjustments include an adjustment of \$160,280 to accumulated depreciation. The prior period adjustment also includes a transfer of \$5,545,054 from construction in progress to various capital asset categories, which resulted in a net adjustment of zero.

D. Conduit Debt Obligation

From time to time, the City has issued Economic Development Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2009, there were three series of Economic Development Revenue Bonds outstanding with an aggregate principal amount payable of \$12,429,000.

E. Subsequent Events

In February of 2010, the City issued Park District Refunding Bonds in the amount of \$2,995,000. The Parks District Refunding Bonds, Series 2010 were issued to take advantage of market conditions and lower the City's annual debt service and to refund the 2001 Park District Bonds.

F. Special Item

City officials transferred the \$2,708,841 cash and investment balance of the Police and Fire Supplemental Trust fund to a new fund, Vehicle Replacement Fund. On the fund financial statements, this transaction is a transfer of funds. On the Statement of Activities, the \$2,708,841 is recorded as a special item for the Vehicle Replacement Fund.

CITY OF BLOOMINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

G. Other Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

The Bloomington Retiree Healthcare Plan is a single-employer defined healthcare plan administered by the City of Bloomington in an internal service fund. The plan provides health care benefits and life insurance to eligible retirees and their spouses. Indiana Code 5-10-8 assigns the authority to establish and amend benefit provisions to the City.

Funding Policy

The contribution requirements of plan members for the Bloomington Retiree Healthcare Plan are established by the City Council. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2009, the City contributed \$189,024 to the plan.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the plan.

	<u>City</u>	<u>Utilities</u>	<u>Totals</u>
Annual required contribution	\$ 679,410	\$ 87,419	\$ 766,829
Interest on net OPEB obligation	21,996	2,830	24,826
Net OPEB obligation amortization adjustment	<u>(20,834)</u>	<u>(2,681)</u>	<u>(23,515)</u>
Annual OPEB cost	680,572	87,568	768,140
Contributions made	<u>(175,792)</u>	<u>(13,232)</u>	<u>(189,024)</u>
Increase in net OPEB obligation	504,780	74,336	579,116
Net OPEB obligation, beginning of year	<u>481,592</u>	<u>70,090</u>	<u>551,682</u>
Net OPEB obligation, end of year	<u><u>\$ 986,372</u></u>	<u><u>\$ 144,426</u></u>	<u><u>\$ 1,130,798</u></u>

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the two preceding years were as follows:

CITY OF BLOOMINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12-31-09	\$ 768,140	24.6%	\$ 1,130,798
12-31-08	723,522	23.8%	551,682
12-31-07	N/A	N/A	N/A

N/A – information not available

Funding Status and Funding Progress

As of January 1, 2009, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$7,501,296, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,501,296. The covered payroll (annual payroll of active employees covered by this plan) was \$31,055,213 and the ratio of the UAAL to covered payroll was 24%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about a probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

In the January 1, 2009 actuarial valuation, the projected unit credit method with linear proration to decrement ) was used. The actuarial assumptions included an annual healthcare cost trend rate of 9.0% for medical and 4.00% for dental initially, reduced by decrements to an ultimate rate of 4.5% for medical and 3.5% for dental, after ten years. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009, was 30 years.

CITY OF BLOOMINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
OPEB - Retiree Healthcare Plan						
01-01-07	N/A	N/A	N/A	N/A	N/A	N/A
01-01-08	\$ -	\$ 6,936,950	\$ 6,936,950	0%	\$ 29,706,000	(23%)
01-01-09	-	7,501,296	7,501,296	0%	31,055,213	(24%)

N/A – information is not available

H. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. 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 the 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 member's contributions, set by state statute at three percent 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. The report may be obtained by contacting:

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

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

CITY OF BLOOMINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Information to segregate the assets/liabilities and the actuarial study figures between the City, the Utilities and Transit is not available. Therefore, the liability for Net Pension Obligation (NPO) is considered an obligation of the City and is not presented as an asset/liability of the proprietary funds.

b. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On-behalf Payments

The 1925 Police Officer's Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under IC 5-10.3-11. The State of Indiana has contributed \$1,426,050 on behalf of the City. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

c. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' Pension Plan which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

On-behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under IC 5-10.3-11. The State of Indiana has contributed \$2,141,257 on behalf of the City. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

CITY OF BLOOMINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Information for PERF

	PERF
Annual required contribution	\$ 1,633,796
Interest on net pension obligation	43,272
Adjustment to annual required contribution	(49,311)
Annual pension cost	1,627,757
Contributions made	1,631,235
Increase (decrease) in net pension obligation	(3,478)
Net pension obligation, beginning of year	596,849
Net pension obligation, end of year	\$ 593,371

	PERF
Contribution rates:	
Government	7.75%
Plan Members	3%
Actuarial valuation date	07-01-09
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-98
Asset valuation method	4 year smoothed market

<u>Actuarial Assumptions</u>	PERF
Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

CITY OF BLOOMINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Three Year Trend Information

Year Ending	PERF		
	Annual Pension Cost (APC)	<i>Percentage of APC Contributed</i>	Net Pension Obligation
06-30-07	\$ 1,386,330	94%	\$ 621,725
06-30-08	1,475,048	102%	596,849
06-30-09	1,627,757	100%	593,371

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The City contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age fifty-five with twenty years of service. An employee with twenty years of service may leave service, but will not receive benefits until reaching age fifty-five. The plan also provides for death and disability benefits.

PERF 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  
Phone (317) 233-4162

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate is 19.5% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2009, 2008, and 2007, were \$1,711,482, \$1,719,571, and \$1,613,982, respectively, equal to the required contributions for each year.

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CITY OF BLOOMINGTON  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-07	\$ 21,539,457	\$ 25,449,101	\$ (3,909,644)	85%	\$ 19,975,017	(20%)
07-01-08	22,933,956	27,618,408	(4,684,452)	83%	20,422,444	(23%)
07-01-09	23,367,796	29,741,235	(6,373,439)	79%	22,394,832	(28%)

CITY OF BLOOMINGTON  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For The Year Ended December 31, 2009

	General Fund			Variance with Final Budget- Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 14,748,756	\$ 14,748,756	\$ 20,068,369	\$ 5,319,613
Licenses and permits	205,000	205,000	225,755	20,755
Intergovernmental	9,604,027	9,604,027	10,509,345	905,318
Charges for services	2,214,505	2,214,505	1,023,134	(1,191,371)
Fines and forfeits	137,000	137,000	80,180	(56,820)
Other	183,000	183,000	150,065	(32,935)
Total revenues	<u>27,092,288</u>	<u>27,092,288</u>	<u>32,056,849</u>	<u>4,964,561</u>
Expenditures:				
Current:				
General government	8,789,894	8,672,124	7,898,252	773,872
Public safety	19,479,579	19,831,056	19,550,937	280,119
Highways and streets	604,247	612,247	606,211	6,036
Urban Redevelopment	1,909,399	1,727,588	1,510,502	217,087
Total expenditures	<u>30,783,119</u>	<u>30,843,015</u>	<u>29,565,901</u>	<u>1,277,114</u>
Other financing sources (uses):				
Operating transfers in	115,515	115,515	115,515	-
Operating transfers out	(1,835,000)	(1,835,000)	(1,835,000)	-
Other receipt	-	-	100,630	100,630
Total other financing sources (uses)	<u>(1,719,485)</u>	<u>(1,719,485)</u>	<u>(1,618,855)</u>	<u>100,630</u>
Net change in fund balance	(5,410,316)	(5,470,212)	872,093	6,342,305
Fund balance - beginning	<u>(1,547,626)</u>	<u>(1,547,626)</u>	<u>(1,547,626)</u>	<u>-</u>
Fund balance - ending	<u>\$ (6,957,942)</u>	<u>\$ (7,017,838)</u>	<u>\$ (675,533)</u>	<u>\$ 6,342,305</u>

CITY OF BLOOMINGTON  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULES  
MAJOR SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2009

	<u>Street &amp; Road</u>			Variance with Final Budget- Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 3,733,431	\$ 3,733,431	\$ 3,474,455	\$ (258,976)
Total revenues	<u>3,733,431</u>	<u>3,733,431</u>	<u>3,474,455</u>	<u>(258,976)</u>
Expenditures:				
Current:				
Highways and streets:				
Personal services	2,245,910	2,270,910	2,258,987	11,923
Supplies	1,476,710	1,280,537	1,133,294	147,243
Other services and charges	1,227,250	1,274,805	1,256,163	18,642
Capital outlay	<u>75,671</u>	<u>75,671</u>	<u>50,671</u>	<u>25,000</u>
Total expenditures	<u>5,025,540</u>	<u>4,901,922</u>	<u>4,699,115</u>	<u>202,807</u>
Other financing sources (uses):				
Operating transfers in	875,000	875,000	875,000	-
Other receipts	<u>-</u>	<u>-</u>	<u>63,974</u>	<u>63,974</u>
Total other financing sources (uses)	<u>875,000</u>	<u>875,000</u>	<u>938,974</u>	<u>63,974</u>
Net change in fund balances	(417,109)	(293,491)	(285,687)	(56,169)
Fund balances - beginning	<u>1,277,128</u>	<u>1,277,128</u>	<u>1,277,128</u>	<u>-</u>
Fund balances - ending	<u>\$ 860,019</u>	<u>\$ 983,637</u>	<u>\$ 991,442</u>	<u>\$ (56,169)</u>

CITY OF BLOOMINGTON  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULES  
MAJOR SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2009  
(Continued)

	Park			Variance with Final Budget- Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 5,397,506	\$ 5,397,506	\$ 7,085,898	\$ 1,688,392
Intergovernmental	345,028	345,028	413,636	68,608
Charges for services	1,187,500	1,187,500	1,165,991	(21,509)
Other	12,000	12,000	24,151	12,151
Total revenues	<u>6,942,034</u>	<u>6,942,034</u>	<u>8,689,676</u>	<u>1,747,642</u>
Expenditures:				
Current:				
Culture and recreation:				
Personal services	4,337,713	4,387,879	4,368,159	19,720
Supplies	624,435	625,250	594,648	30,602
Other services and charges	1,212,739	1,120,645	1,108,515	12,130
Capital outlay	1,331,223	1,329,739	884,592	445,147
Total expenditures	<u>7,506,110</u>	<u>7,463,513</u>	<u>6,955,914</u>	<u>507,599</u>
Other financing sources (uses):				
Operating transfers in	-	-	50,000	50,000
Operating transfers out	(182,500)	(182,500)	(182,500)	-
Other receipts	-	-	14,471	14,471
Total other financing sources (uses)	<u>(182,500)</u>	<u>(182,500)</u>	<u>(118,029)</u>	<u>64,471</u>
Net change in fund balances	(746,576)	(703,979)	1,615,733	2,319,712
Fund balances - beginning	<u>(939,072)</u>	<u>(939,072)</u>	<u>(939,072)</u>	<u>-</u>
Fund balances - ending	<u>\$ (1,685,648)</u>	<u>\$ (1,643,051)</u>	<u>\$ 676,661</u>	<u>\$ 2,319,712</u>

CITY OF BLOOMINGTON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009

	Bloomington Technology Park	Parking Enforcement	Crime Control	Enhanced Access	Electronic Map Generation	B-Line Phase II DNR Grant	Community Services
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	2,302	-	-	-	-
Charges for services	-	1,000,303	-	272	811	-	-
Fines and forfeits	-	1,211,872	101,943	10	-	-	-
Other	618	11,637	-	-	-	29,184	71,444
<b>Total receipts</b>	<b>618</b>	<b>2,223,812</b>	<b>104,245</b>	<b>282</b>	<b>811</b>	<b>29,184</b>	<b>71,444</b>
<b>Disbursements:</b>							
General government	-	-	-	-	590	-	-
Public safety	-	2,225,953	52,527	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	55,747
Urban redevelopment and housing	-	-	-	-	-	-	-
<b>Debt service:</b>							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Capital outlay:</b>							
General government	-	-	-	-	-	-	-
Public safety	-	16,892	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>2,242,845</b>	<b>52,527</b>	<b>-</b>	<b>590</b>	<b>-</b>	<b>55,747</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>618</b>	<b>(19,033)</b>	<b>51,718</b>	<b>282</b>	<b>221</b>	<b>29,184</b>	<b>15,697</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	748,734	-	-	-	-	-
Transfers out	-	(225,000)	-	-	-	-	-
Other receipts	-	-	657	-	-	-	33
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>523,734</b>	<b>657</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>618</b>	<b>504,701</b>	<b>52,375</b>	<b>282</b>	<b>221</b>	<b>29,184</b>	<b>15,730</b>
Cash and investment fund balance - beginning	50,914	250,232	184,515	2,307	17,510	901,854	36,283
Cash and investment fund balance - ending	\$ 51,532	\$ 754,933	\$ 236,890	\$ 2,589	\$ 17,731	\$ 931,038	\$ 52,013
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ 51,532	\$ 754,933	\$ 236,890	\$ -	\$ 17,731	\$ 931,038	\$ 52,013
<b>Restricted assets:</b>							
Cash and investments	-	-	-	2,589	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 51,532</b>	<b>\$ 754,933</b>	<b>\$ 236,890</b>	<b>\$ 2,589</b>	<b>\$ 17,731</b>	<b>\$ 931,038</b>	<b>\$ 52,013</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
<b>Restricted for:</b>							
General government	\$ -	\$ -	\$ -	\$ 2,589	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-
Unrestricted	51,532	754,933	236,890	-	17,731	931,038	52,013
<b>Total cash and investment fund balance - ending</b>	<b>\$ 51,532</b>	<b>\$ 754,933</b>	<b>\$ 236,890</b>	<b>\$ 2,589</b>	<b>\$ 17,731</b>	<b>\$ 931,038</b>	<b>\$ 52,013</b>

CITY OF BLOOMINGTON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	CDBG Escrow	Police Education	CDBG	Bloomington Investment Incentive	Affordable Housing	Rental Rehab	HOME
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	782,787	-	-	-	150,350
Charges for services	-	34,052	-	-	-	-	24,279
Fines and forfeits	-	9,637	-	-	-	-	-
Other	468	40	44,757	21,719	-	14,000	620,017
<b>Total receipts</b>	<b>468</b>	<b>43,729</b>	<b>827,544</b>	<b>21,719</b>	<b>-</b>	<b>14,000</b>	<b>794,646</b>
Disbursements:							
General government	468	-	-	-	-	-	-
Public safety	-	25,430	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	827,084	-	-	16,531	581,874
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>468</b>	<b>25,430</b>	<b>827,084</b>	<b>-</b>	<b>-</b>	<b>16,531</b>	<b>581,874</b>
Excess (deficiency) of receipts over disbursements	-	18,299	460	21,719	-	(2,531)	212,772
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	95	172	-	-	-	33
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>95</b>	<b>172</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	18,394	632	21,719	-	(2,531)	212,805
Cash and investment fund balance - beginning	11	95,467	8,989	619,720	2,833	16,531	39,712
Cash and investment fund balance - ending	\$ 11	\$ 113,861	\$ 9,621	\$ 641,439	\$ 2,833	\$ 14,000	\$ 252,517
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ 11	\$ 113,861	\$ 9,621	\$ 641,439	\$ 2,833	\$ 14,000	\$ 252,517
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 11</b>	<b>\$ 113,861</b>	<b>\$ 9,621</b>	<b>\$ 641,439</b>	<b>\$ 2,833</b>	<b>\$ 14,000</b>	<b>\$ 252,517</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-
Unrestricted	11	113,861	9,621	641,439	2,833	14,000	252,517
<b>Total cash and investment fund balance - ending</b>	<b>\$ 11</b>	<b>\$ 113,861</b>	<b>\$ 9,621</b>	<b>\$ 641,439</b>	<b>\$ 2,833</b>	<b>\$ 14,000</b>	<b>\$ 252,517</b>

CITY OF BLOOMINGTON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Hand Special Grants	Dispatch Training	Wireless Emergency	Nonreverting Telecommunications	Restricted Donation	Municipal Arts
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	124,583	-	143,208	3,600	-	-
Charges for services	39,100	-	-	733,915	-	-
Fines and forfeits	-	-	-	-	-	-
Other	6,996	-	-	24,626	28,912	-
<b>Total receipts</b>	<b>170,679</b>	<b>-</b>	<b>143,208</b>	<b>762,141</b>	<b>28,912</b>	<b>-</b>
<b>Disbursements:</b>						
General government	-	-	-	-	33,059	-
Public safety	-	7,117	169,222	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	392,421	-	1,652
Urban redevelopment and housing	193,803	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	362,978	-	31,945
Urban redevelopment and housing	-	-	-	-	-	-
<b>Total disbursements</b>	<b>193,803</b>	<b>7,117</b>	<b>169,222</b>	<b>755,399</b>	<b>33,059</b>	<b>33,597</b>
Excess (deficiency) of receipts over disbursements	(23,124)	(7,117)	(26,014)	6,742	(4,147)	(33,597)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	11,500	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	33,763	7,774	-	2,239	146	-
<b>Total other financing sources (uses)</b>	<b>33,763</b>	<b>7,774</b>	<b>11,500</b>	<b>2,239</b>	<b>146</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,639	657	(14,514)	8,981	(4,001)	(33,597)
Cash and investment fund balance - beginning	54,014	66,078	153,466	1,477,699	27,252	100,214
Cash and investment fund balance - ending	\$ 64,653	\$ 66,735	\$ 138,952	\$ 1,486,680	\$ 23,251	\$ 66,617
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 64,653	\$ 66,735	\$ 138,952	\$ 1,486,680	\$ 23,251	\$ 66,617
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 64,653</b>	<b>\$ 66,735</b>	<b>\$ 138,952</b>	<b>\$ 1,486,680</b>	<b>\$ 23,251</b>	<b>\$ 66,617</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-
Unrestricted	64,653	66,735	138,952	1,486,680	23,251	66,617
<b>Total cash and investment fund balance - ending</b>	<b>\$ 64,653</b>	<b>\$ 66,735</b>	<b>\$ 138,952</b>	<b>\$ 1,486,680</b>	<b>\$ 23,251</b>	<b>\$ 66,617</b>

CITY OF BLOOMINGTON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Arts Commission Operating	Nonreverting Economic Development	Nonreverting Improvement I	Unsafe Housing	CTP Downtown	TIF Tapp
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 242,131
Intergovernmental	-	-	-	-	213,615	-
Charges for services	-	-	136,180	-	-	-
Fines and forfeits	-	-	-	17,342	-	-
Other	-	-	1,817	-	4,148	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>137,997</b>	<b>17,342</b>	<b>217,763</b>	<b>242,131</b>
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	102,354	20,928	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	12,822	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>115,176</b>	<b>20,928</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	-	-	22,821	(3,586)	217,763	242,131
Other financing sources (uses):						
Transfers in	-	-	-	-	-	25,836
Transfers out	-	-	-	-	-	-
Other receipts	-	-	79	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>79</b>	<b>-</b>	<b>-</b>	<b>25,836</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	22,900	(3,586)	217,763	267,967
Cash and investment fund balance - beginning	2,498	16,600	138,296	106,778	177,911	2,540,582
<b>Cash and investment fund balance - ending</b>	<b>\$ 2,498</b>	<b>\$ 16,600</b>	<b>\$ 161,196</b>	<b>\$ 103,192</b>	<b>\$ 395,674</b>	<b>\$ 2,808,549</b>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 2,498	\$ 16,600	\$ 161,196	\$ 103,192	\$ 395,674	\$ 2,808,549
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 2,498</b>	<b>\$ 16,600</b>	<b>\$ 161,196</b>	<b>\$ 103,192</b>	<b>\$ 395,674</b>	<b>\$ 2,808,549</b>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-
Unrestricted	2,498	16,600	161,196	103,192	395,674	2,808,549
<b>Total cash and investment fund balance - ending</b>	<b>\$ 2,498</b>	<b>\$ 16,600</b>	<b>\$ 161,196</b>	<b>\$ 103,192</b>	<b>\$ 395,674</b>	<b>\$ 2,808,549</b>

CITY OF BLOOMINGTON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	TIF Adams	TIF Prow	TIF Thomson Walnut Winslow	TIF Replacement	Solid Waste	Cash Change/ Petty Cash Accounts
Receipts:						
Taxes	\$ 552,650	\$ 37,179	\$ 912,946	\$ 812,877	\$ -	\$ -
Intergovernmental	-	-	6,884	-	-	-
Charges for services	-	-	-	-	929,161	-
Fines and forfeits	-	-	-	-	-	-
Other	18,109	7,616	30,344	39,644	5,963	100
<b>Total receipts</b>	<b>570,759</b>	<b>44,795</b>	<b>950,174</b>	<b>852,521</b>	<b>935,124</b>	<b>100</b>
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	1,922,379	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	174,339	-	1,274,139	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	66,676	-	-	-
<b>Total disbursements</b>	<b>174,339</b>	<b>-</b>	<b>1,340,815</b>	<b>-</b>	<b>1,922,379</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	396,420	44,795	(390,641)	852,521	(987,255)	100
Other financing sources (uses):						
Transfers in	80,347	10,675	197,923	-	1,012,000	-
Transfers out	(425,000)	-	(500,000)	(852,521)	-	-
Other receipts	-	-	-	-	1,871	-
<b>Total other financing sources (uses)</b>	<b>(344,653)</b>	<b>10,675</b>	<b>(302,077)</b>	<b>(852,521)</b>	<b>1,013,871</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	51,767	55,470	(692,718)	-	26,616	100
Cash and investment fund balance - beginning	1,101,540	459,549	2,050,445	-	160,344	14,510
Cash and investment fund balance - ending	\$ 1,153,307	\$ 515,019	\$ 1,357,727	\$ -	\$ 186,960	\$ 14,610
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 1,153,307	\$ 515,019	\$ 1,357,727	\$ -	\$ 186,960	\$ 14,610
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 1,153,307</b>	<b>\$ 515,019</b>	<b>\$ 1,357,727</b>	<b>\$ -</b>	<b>\$ 186,960</b>	<b>\$ 14,610</b>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-
Unrestricted	1,153,307	515,019	1,357,727	-	186,960	14,610
<b>Total cash and investment fund balance - ending</b>	<b>\$ 1,153,307</b>	<b>\$ 515,019</b>	<b>\$ 1,357,727</b>	<b>\$ -</b>	<b>\$ 186,960</b>	<b>\$ 14,610</b>

CITY OF BLOOMINGTON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Alternative Transportation	BMFC Showers	Police Station Lease	1998 Street Bond II	Golf Course Bond	BMFC 1998 Street Lease
Receipts:						
Taxes	\$ -	\$ -	\$ 27,312	\$ 1,071,453	\$ -	\$ -
Intergovernmental	-	674,000	5,700	59,473	-	286,500
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	4,154	516	2,595	6,150	2,632
<b>Total receipts</b>	<b>-</b>	<b>678,154</b>	<b>33,528</b>	<b>1,133,521</b>	<b>6,150</b>	<b>289,132</b>
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	750,000	90,000	-
Interest	-	655,350	-	108,707	69,896	1,175,750
Capital outlay:						
General government	109,329	-	-	-	-	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
<b>Total disbursements</b>	<b>109,329</b>	<b>655,350</b>	<b>-</b>	<b>858,707</b>	<b>159,896</b>	<b>1,175,750</b>
Excess (deficiency) of receipts over disbursements	(109,329)	22,804	33,528	274,814	(153,746)	(886,618)
Other financing sources (uses):						
Transfers in	225,000	-	-	-	182,500	925,000
Transfers out	-	-	-	-	-	-
Other receipts	40	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>225,040</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>182,500</b>	<b>925,000</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	115,711	22,804	33,528	274,814	28,754	38,382
Cash and investment fund balance - beginning	51,586	46,781	10,248	(302,305)	429,541	9,617
Cash and investment fund balance - ending	<u>\$ 167,297</u>	<u>\$ 69,585</u>	<u>\$ 43,776</u>	<u>\$ (27,491)</u>	<u>\$ 458,295</u>	<u>\$ 47,999</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 167,297	\$ 69,585	\$ 43,776	\$ (27,491)	\$ 458,295	\$ 47,999
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 167,297</u>	<u>\$ 69,585</u>	<u>\$ 43,776</u>	<u>\$ (27,491)</u>	<u>\$ 458,295</u>	<u>\$ 47,999</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-
Unrestricted	167,297	69,585	43,776	(27,491)	458,295	47,999
<b>Total cash and investment fund balance - ending</b>	<u>\$ 167,297</u>	<u>\$ 69,585</u>	<u>\$ 43,776</u>	<u>\$ (27,491)</u>	<u>\$ 458,295</u>	<u>\$ 47,999</u>

CITY OF BLOOMINGTON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Redevelopment District Bond 2000	Fire Station #2 Lease	2001 Parks Bond	Cumulative Improvement (Cigarette Tax)	Cumulative Capital Development	Parks Land Acquisition
Receipts:						
Taxes	\$ -	\$ -	\$ 732,855	\$ -	\$ 1,049,876	\$ -
Intergovernmental	-	-	39,769	212,469	159,483	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	4,334	483	-	-	-	9,110
<b>Total receipts</b>	<b>4,334</b>	<b>483</b>	<b>772,624</b>	<b>212,469</b>	<b>1,209,359</b>	<b>9,110</b>
Disbursements:						
General government	-	-	-	-	261,721	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	293,000	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	175,000	-	410,000	-	-	-
Interest	76,269	189,000	155,275	-	-	-
Capital outlay:						
General government	-	-	-	-	646,811	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
<b>Total disbursements</b>	<b>251,269</b>	<b>189,000</b>	<b>565,275</b>	<b>293,000</b>	<b>908,532</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(246,935)	(188,517)	207,349	(80,531)	300,827	9,110
Other financing sources (uses):						
Transfers in	250,769	185,000	-	-	-	141,580
Transfers out	-	-	-	-	(141,580)	-
Other receipts	-	-	-	-	6,079	-
<b>Total other financing sources (uses)</b>	<b>250,769</b>	<b>185,000</b>	<b>-</b>	<b>-</b>	<b>(135,501)</b>	<b>141,580</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,834	(3,517)	207,349	(80,531)	165,326	150,690
Cash and investment fund balance - beginning	311,353	12,254	(182,847)	99,749	483,407	557,561
Cash and investment fund balance - ending	\$ 315,187	\$ 8,737	\$ 24,502	\$ 19,218	\$ 648,733	\$ 708,251
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 315,187	\$ 8,737	\$ 24,502	\$ 19,218	\$ -	\$ 708,251
Restricted assets:						
Cash and investments	-	-	-	-	648,733	-
<b>Total cash and investment assets - ending</b>	<b>\$ 315,187</b>	<b>\$ 8,737</b>	<b>\$ 24,502</b>	<b>\$ 19,218</b>	<b>\$ 648,733</b>	<b>\$ 708,251</b>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-	648,733	-
Permanent fund	-	-	-	-	-	-
Unrestricted	315,187	8,737	24,502	19,218	-	708,251
<b>Total cash and investment fund balance - ending</b>	<b>\$ 315,187</b>	<b>\$ 8,737</b>	<b>\$ 24,502</b>	<b>\$ 19,218</b>	<b>\$ 648,733</b>	<b>\$ 708,251</b>

CITY OF BLOOMINGTON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Cumulative Capital Improvement Rate	Fire Capital	Industrial Development	Vehicle Replacement	Rosehill Trust	Totals
Receipts:						
Taxes	\$ 723,248	\$ -	\$ -	\$ -	\$ -	\$ 6,162,527
Intergovernmental	157,631	-	575,976	-	-	3,598,330
Charges for services	-	-	-	-	-	2,898,073
Fines and forfeits	-	-	-	-	-	1,340,804
Other	-	2,615	16,924	-	982	1,032,654
<b>Total receipts</b>	<b>880,879</b>	<b>2,615</b>	<b>592,900</b>	<b>-</b>	<b>982</b>	<b>15,032,388</b>
Disbursements:						
General government	102,518	-	-	-	-	398,356
Public safety	-	-	-	-	-	2,480,249
Highways and streets	-	-	-	-	-	293,000
Sanitation	-	-	-	-	-	1,922,379
Culture and recreation	-	-	-	-	-	449,820
Urban redevelopment and housing	-	-	728,999	-	-	3,920,051
Debt service:						
Principal	-	-	-	-	-	1,425,000
Interest	-	-	-	-	-	2,430,247
Capital outlay:						
General government	117,484	-	-	-	-	873,624
Public safety	-	-	-	-	-	16,892
Culture and recreation	-	-	-	-	-	394,923
Urban redevelopment and housing	-	-	-	-	-	79,498
<b>Total disbursements</b>	<b>220,002</b>	<b>-</b>	<b>728,999</b>	<b>-</b>	<b>-</b>	<b>14,684,039</b>
Excess (deficiency) of receipts over disbursements	660,877	2,615	(136,099)	-	982	348,349
Other financing sources (uses):						
Transfers in	-	-	-	2,708,841	-	6,705,705
Transfers out	-	-	-	-	-	(2,144,101)
Other receipts	286	-	-	-	-	53,267
<b>Total other financing sources (uses)</b>	<b>286</b>	<b>-</b>	<b>-</b>	<b>2,708,841</b>	<b>-</b>	<b>4,614,871</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	661,163	2,615	(136,099)	2,708,841	982	4,963,220
Cash and investment fund balance - beginning	774,949	125,489	953,940	-	51,691	14,307,668
Cash and investment fund balance - ending	\$ 1,436,112	\$ 128,104	\$ 817,841	\$ 2,708,841	\$ 52,673	\$ 19,270,888
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 1,436,112	\$ 128,104	\$ 817,841	\$ 2,708,841	\$ 52,673	\$ 18,619,566
Restricted assets:						
Cash and investments	-	-	-	-	-	651,322
<b>Total cash and investment assets - ending</b>	<b>\$ 1,436,112</b>	<b>\$ 128,104</b>	<b>\$ 817,841</b>	<b>\$ 2,708,841</b>	<b>\$ 52,673</b>	<b>\$ 19,270,888</b>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,589
Capital outlay	-	-	-	-	-	648,733
Permanent fund	-	-	-	-	1,000	1,000
Unrestricted	1,436,112	128,104	817,841	2,708,841	51,673	18,618,566
<b>Total cash and investment fund balance - ending</b>	<b>\$ 1,436,112</b>	<b>\$ 128,104</b>	<b>\$ 817,841</b>	<b>\$ 2,708,841</b>	<b>\$ 52,673</b>	<b>\$ 19,270,888</b>

CITY OF BLOOMINGTON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 INTERNAL SERVICE FUNDS  
 As of and for the Year Ended December 31, 2009

	Insurance Voluntary Trust	Risk Management	Fleet Maintenance	Unemployment Compensation	Health Insurance Fund	Totals
Operating receipts:						
Charges for services	\$ 109,073	\$ 966,249	\$ 1,763,965	\$ 83,007	\$ 5,735,633	\$ 8,657,927
Miscellaneous	<u>665,184</u>	<u>11,824</u>	<u>3,245</u>	<u>-</u>	<u>102,545</u>	<u>782,798</u>
Total operating receipts	<u>774,257</u>	<u>978,073</u>	<u>1,767,210</u>	<u>83,007</u>	<u>5,838,178</u>	<u>9,440,725</u>
Operating disbursements:						
Cost of sales and services	-	271,864	1,820,792	-	-	2,092,656
Insurance claims and expense	<u>736,393</u>	<u>658,811</u>	<u>-</u>	<u>91,360</u>	<u>6,565,290</u>	<u>8,051,854</u>
Total operating disbursements	<u>736,393</u>	<u>930,675</u>	<u>1,820,792</u>	<u>91,360</u>	<u>6,565,290</u>	<u>10,144,510</u>
Excess (deficiency) of receipts over disbursements	<u>37,864</u>	<u>47,398</u>	<u>(53,582)</u>	<u>(8,353)</u>	<u>(727,112)</u>	<u>(703,785)</u>
Cash and investment fund balance - beginning	<u>137,698</u>	<u>17,084</u>	<u>146,173</u>	<u>60,176</u>	<u>3,027,604</u>	<u>3,388,735</u>
Cash and investment fund balance - ending	<u>\$ 175,562</u>	<u>\$ 64,482</u>	<u>\$ 92,591</u>	<u>\$ 51,823</u>	<u>\$ 2,300,492</u>	<u>\$ 2,684,950</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ 64,482	\$ 92,591	\$ 51,823	\$ 2,300,492	\$ 2,509,388
Restricted assets:						
Cash and investments	<u>175,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,562</u>
Total cash and investment assets - December 31	<u>\$ 175,562</u>	<u>\$ 64,482</u>	<u>\$ 92,591</u>	<u>\$ 51,823</u>	<u>\$ 2,300,492</u>	<u>\$ 2,684,950</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Other purposes	\$ 175,562	\$ -	\$ -	\$ -	\$ -	\$ 175,562
Unrestricted	<u>-</u>	<u>64,482</u>	<u>92,591</u>	<u>51,823</u>	<u>2,300,492</u>	<u>2,509,388</u>
Total cash and investment fund balance - December 31	<u>\$ 175,562</u>	<u>\$ 64,482</u>	<u>\$ 92,591</u>	<u>\$ 51,823</u>	<u>\$ 2,300,492</u>	<u>\$ 2,684,950</u>

CITY OF BLOOMINGTON  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PENSION TRUST FUNDS  
 For The Year Ended December 31, 2009

	Police Pension	Fire Pension	Police And Fire Supplemental Trust	Police Pension Funds Held at PERF	Fire Pension Funds Held at PERF	Totals
Additions:						
Contributions:						
Employer	\$ 222,259	\$ 317,750	\$ -	\$ -	\$ -	\$ 540,009
Plan members	-	-	-	-	-	-
State	1,426,050	2,141,257	-	-	-	3,567,307
Total contributions	<u>1,648,309</u>	<u>2,459,007</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,107,316</u>
Investment receipts:						
Interest	23,824	26,995	52,269	55,593	72,211	230,892
Dividends	-	-	-	-	-	-
Total investment receipts	23,824	26,995	52,269	55,593	72,211	230,892
Less investment disbursements	-	-	-	-	-	-
Net investment receipts	<u>23,824</u>	<u>26,995</u>	<u>52,269</u>	<u>55,593</u>	<u>72,211</u>	<u>230,892</u>
Total additions	<u>1,672,133</u>	<u>2,486,002</u>	<u>52,269</u>	<u>55,593</u>	<u>72,211</u>	<u>4,338,208</u>
Deductions:						
Benefits	1,281,112	1,860,867	-	-	-	3,141,979
Refunds of contributions	-	-	-	-	-	-
Administrative and general	3,600	3,977	-	-	-	7,577
Total deductions	<u>1,284,712</u>	<u>1,864,844</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,149,556</u>
Other financing sources (uses):						
Transfers out	-	-	(2,708,841)	-	-	(2,708,841)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,708,841)</u>	<u>-</u>	<u>-</u>	<u>(2,708,841)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	387,421	621,158	(2,656,572)	55,593	72,211	(1,520,189)
Cash and investment fund balance - beginning	1,167,032	1,396,206	2,656,572	673,340	874,607	6,767,757
Cash and investment fund balance - ending	<u>\$ 1,554,453</u>	<u>\$ 2,017,364</u>	<u>\$ -</u>	<u>\$ 728,933</u>	<u>\$ 946,818</u>	<u>\$ 5,247,568</u>

CITY OF BLOOMINGTON  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2009

	Payroll	Totals
Additions:		
Agency fund additions	\$ 32,756,397	\$ 32,756,397
Deductions:		
Agency fund deductions	32,352,913	32,352,913
Excess of total additions over total deductions	403,484	403,484
Cash and investment fund balance - beginning	(522)	(522)
Cash and investment fund balance - ending	\$ 402,962	\$ 402,962

CITY OF BLOOMINGTON  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended 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	\$ 121,154,127
Infrastructure	243,060,483
Buildings	56,172,430
Improvements other than buildings	20,064,605
Machinery and equipment	18,967,150
Construction in progress	<u>3,161,435</u>
Total governmental activities, capital assets not being depreciated	<u><u>\$ 462,580,229</u></u>

CITY OF BLOOMINGTON  
OTHER REPORTS

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

Park and Recreation  
Water and Wastewater Utilities

CITY OF BLOOMINGTON  
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS – FINANCIAL ACTIVITIES

Controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient:

Bank reconciliations were prepared by the Controller's staff; however, there was no evidence that the reconciliations were reviewed and approved by someone independent of the process. Also, an investment (certificate of deposit) balance of \$1,165,000 was included in the December 31, 2009 reconciliation; however, the City had no certificates of deposit as of that date. Outstanding checklists were not compiled into one complete list, for each bank account. Each outstanding checklist must first be compiled from two separate spreadsheet files, consisting of the outstanding checks from the prior month, and the current month's outstanding checks.

The City's payroll processing is handled primarily by one staff person within the Controller's office. As a result, there were not sufficient internal controls over payroll processing.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OVERDRAWN CASH BALANCES

The cash balances of the General Fund and 1998 Street Bond II Fund were overdrawn in 2009.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CITY OF BLOOMINGTON, MONROE COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Bloomington (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended December 31, 2009. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2009-2.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in item 2009-2 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

The City's response to the findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 16, 2010

CITY OF BLOOMINGTON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2009

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-Through Indiana Department of Education Child Nutrition Cluster Summer Food Service Program for Children	10.559	CNP-SF-5250/170700	\$ 4,949
Total for cluster			<u>4,949</u>
Pass-Through Indiana Department of Education Specialty Crop Block Grant Program	10.169	12-25-B-0846	1,000
Total for program			<u>1,000</u>
Total for federal grantor agency			<u>5,949</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Grant			
Community Development Block Grants/Entitlement Grants Program Income	14.218	None B-07-MC-18-0013 B-08-MC-18-0013	44,597 439,669 <u>298,821</u>
Total for program			<u>783,087</u>
Housing Counseling Assistance Program	14.169	HC 080498090	42,732
Total for program			<u>42,732</u>
Shelter Plus Care	14.238	IN36c203001	42,355
Total for program			<u>42,355</u>
HOME - Investment Partnerships Program Program Income	14.239	None MC-08-MC-18-0200	407,246 <u>174,628</u>
Total for program			<u>581,874</u>
Pass-Through Indiana Office of Community and Rural Affairs Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii Disaster Recovery Fund	14.228	None	22,378
Total for program			<u>22,378</u>
Total for federal grantor agency			<u>1,472,426</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Bulletproof Vest Partnership Program	16.607	2009BUBX08045377 2009BUBX09049508	10,672 <u>28,577</u>
Total for program			<u>39,249</u>
Public Safety Partnerships and Community Policing Grants	16.710	2008CKWX0428	344,190
Total for program			<u>344,190</u>
ARRA Edward Byrne Memorial Justice Assistance Grant Program/Grants to Units of Local Government 2009 JAG Mobile Data Upgrade & Vehicle Replacement Project	16.804	2009-SB-B9-1635	53,175
Total for program			<u>53,175</u>
Total for federal grantor agency			<u>436,614</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF BLOOMINGTON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2009  
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205		
Metropolitan Planning Grants:			
Planning Funds FY 2009		None	105,044
Planning Funds FY 2010		None	86,409
Federal Aid Highway Program		EDS #A249-7-320418 (DES #0600496)	37,852
Federal Aid Highway Program		DES # 04010308	96,233
Federal Aid Highway Program		STP-4453(002)	<u>495,615</u>
Total for program			<u>821,153</u>
Total for cluster			<u>821,153</u>
Direct Grant			
Federal Transit Cluster			
Federal Transit - Capital Investment Grants	20.500	IN-04-0013-01 IN-04-0024-01	78,257 <u>640,000</u>
Total for program			<u>718,257</u>
Federal Transit Formula Grants	20.507	IN-90-X558 IN-90-X551 IN-90-X562 IN-90-X491	2,418,216 53,852 73,002 <u>79,076</u>
Total for program			<u>2,624,146</u>
Total for cluster			<u>4,163,556</u>
Transit Services Programs Cluster			
Job Access Reverse Commute	20.516	IN 37-X017	<u>110,417</u>
Total for program			<u>110,417</u>
New Freedom Program	20.521	IN-57-X005	<u>991</u>
Total for program			<u>991</u>
Total for cluster			<u>111,408</u>
Pass-Through Indiana Criminal Justice Institute			
Highway Safety Cluster			
State and Community Highway Safety	20.600	PT-09-04-01-48 PT-10-04-04-33	21,846 <u>4,092</u>
Total for program			<u>25,938</u>
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	K8-2009-03-03-21 K8-2010-03-03-21	6,155 <u>3,061</u>
Total for program			<u>9,216</u>
Total for cluster			<u>35,154</u>
Pass-Through Indiana Department of Transportation			
Metropolitan Transportation Planning	20.505	None	<u>59,128</u>
Section 5303 FY 2009			
Total for program			<u>59,128</u>
Total for federal grantor agency			<u>4,369,246</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF BLOOMINGTON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2009  
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds	66.458	WW0644535	10,252
Total for program			10,252
Pass-Through Indiana Department of Environmental Management Superfund State, Political Subdivision, and Indian Tribe Site - Specific Cooperative Agreements	66.802	None	61,045
Total for program			61,045
Total for federal grantor agency			71,297
<u>U.S. DEPARTMENT OF ENERGY</u>			
Direct Grant ARRA Energy Efficiency and Conservation Block Grant Program	81.128	DE-SC0001977	1,565
Total for federal grantor agency			1,565
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Pass-Through Monroe County Community School Corporation Twenty-First Century Community Learning Centers	84.287	None	22,988
Total for federal grantor agency			22,988
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant Assistance to Firefighters Grant	97.044	EMW-2008-FO-10763	8,905
Total for program			8,905
Pass-Through Indiana Department of Homeland Security Law Enforcement Terrorism Prevention Program	97.074	C44P-9-182A	6,150
Total for program			6,150
Total for federal grantor agency			15,055
Total federal awards expended			<u>\$ 6,395,140</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF BLOOMINGTON  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required.

II. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2009:

Program Title	Federal CFDA Number	2009
Community Development Block Grants/Entitlement Grants	14.218	\$ 275,549
HOME – Investment Partnerships Program	14.239	7,445

CITY OF BLOOMINGTON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	yes

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	yes

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.218	Community Development Block Grants/Entitlement Grants
14.239	HOME – Investment Partnerships Program
16.710	Public Safety Partnerships and Community Policing Grants Highway Planning and Construction Cluster Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2009-1, INTERNAL CONTROLS - FINANCIAL ACTIVITIES

Controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient.

CITY OF BLOOMINGTON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Bank reconcilements were prepared by the Controller's staff; however, there was no evidence that the reconcilements were reviewed and approved by someone independent of the process. Also, an investment (certificate of deposit) balance of \$1,165,000 was included in the December 31, 2009 reconcilment; however, the City had no certificates of deposit as of that date.

The City's payroll processing is handled primarily by one staff person within the Controller's office. As a result, there were not sufficient internal controls over payroll processing.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Section III – Federal Award Findings and Questioned Costs

FINDING NO. 2009-2, PROGRAM INCOME

Federal Agency: U.S. Department of Housing and Urban Development  
Federal Program: HOME – Investment Partnerships Program  
CFDA Number: 14.239

The City did not have sufficient internal controls designed to ensure program income was used to pay for or reduce program-related costs prior to seeking federal reimbursement for the HOME program. Funds which were on hand were not always used prior to drawing down federal HOME funds.

The amounts that officials requested from HUD did not always take into account the cash balance that was on hand in the HOME fund.

Title 24 Code of Federal Regulations, Section 92.502 - Program Disbursement and Information System, states in part:

"c. Disbursement of HOME funds. 1. After complete project set-up information is entered into the disbursement and information system, HOME funds for the project may be drawn down from the United States Treasury account by the participating jurisdiction by electronic funds transfer. The funds will be deposited in the local account of the HOME Investment Trust Fund of the participating jurisdiction within 48 to 72 hours of the disbursement request. Any drawdown of HOME funds from the United States Treasury account is conditioned upon the provision of satisfactory information by the participating jurisdiction about the project or tenant-based rental assistance and compliance with other procedures, as specified by HUD.

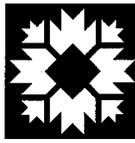
2. HOME funds drawn from the United States Treasury account must be expended for eligible costs within 15 days. Any interest earned within the 15 day period may be retained by the participating jurisdiction as HOME funds. Any funds that are drawn down and not expended for eligible costs within 15 days of the disbursement must be returned to HUD for deposit in the participating jurisdiction's United States Treasury account of the HOME Investment Trust Fund. Interest earned after 15 days belongs to the United States and must

CITY OF BLOOMINGTON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

be remitted promptly, but at least quarterly, to HUD, except that a local participating jurisdiction may retain interest amounts up to \$100 per year for administrative expenses and States are subject to the Intergovernmental Cooperation Act (31 U.S.C. 6501 et seq.).

3. HOME funds in the local account of the HOME Investment Trust Fund must be disbursed before requests are made for HOME funds in the United States Treasury account. . . ."

We recommend the City establish and follow controls to ensure program income is used prior to the draw down of funds from HUD.



**City of Bloomington  
Office of the Controller**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Finding 2008-2, Davis-Bacon Act**

**Federal Agency:** U.S. Department of Transportation  
**Federal Program:** Highway Planning and Construction  
**CFDA No.:** 20.205  
**Pass-Through Agency:** Indiana Department of Transportation

Auditee Contact Person(s):

Mike Trexler, Controller  
(812) 349-3412  
trexlerm@bloomington.in.gov

Expected Completion Date: 12/31/2009

Corrective action:

City of Bloomington Utilities took the following actions in response to the above SBA comment to ensure compliance of federally funded CBU projects in excess of \$2000:

1. Utilities modified scope of work of contract with consulting architect/engineer to act on behalf of the owner to ensure project compliance with 29 CFR 5.5. This includes the management and documentation of the contractor's weekly submitted payrolls. The architect/engineer shall forward the weekly submitted documents to the City of Bloomington Human Rights Commission staff for compliance review and receive back comments and compliance status. The architect/engineer shall maintain a log documenting the submittal status of certified payrolls.
2. Utilities amended the publicly advertised document, Invitation to Bidders, to include the bidder's requirement to comply with 29 CFR 5.5.
3. Utilities changed the bid document, Supplementary Conditions, to include the contractor's requirement to comply with 29 CFR 5.5.
4. Utilities adjusted the contract document, Construction Contract, to include the contractor's requirement to comply with 29 CFR 5.5.
5. Utilities has collaborated with City of Bloomington Human Rights Commission staff to develop procedures for receiving, reviewing, and documenting certified payrolls and communicating the status of to the project architect/engineer. The architect/engineer shall be responsible to notify the contractor of deficiencies and non-compliance.

These corrective actions were all completed by 12/31/2009, and will be applied to all applicable projects in the future.

Signed:

Mike Trexler, Controller

Date:

8/04/10



**City of Bloomington  
Office of the Controller**

**CORRECTIVE ACTION PLAN**

**Section II –**

**Finding 2009-1. Internal Controls – Financial Activities**

Auditee Contact Person(s):

Mike Trexler    [trexlerm@bloomington.in.gov](mailto:trexlerm@bloomington.in.gov)    812-349-3412

Expected completion date: 12/31/2010

Corrective action:

The City is in the process of installing new financial software that will impact all accounting activities in the City. As we work to tailor the system to our needs, we are evaluating our current policies and procedures with the goal of improving our financial reporting. The City will invite the State Board of Accounts to review its new procedures once they are ready to be implemented before the end of 2010.

In this new system, bank reconciliements and payroll processing will both change dramatically. We currently have 3 people involved in preparing the bank reconciliements each month. The new system will prepare these reconciliements almost entirely automatically, freeing the 3 people to focus more on independent review and approval. Our current payroll process requires a significant amount of duplicate data entry to take the process from timecards to paychecks. The new system will eliminate a vast majority of this duplicative data entry, freeing staff to focus more on independent review and approval.

**FINDING 2009-2. Program Income**

**Federal Agency:**            **U.S. Department of Housing and Urban Development**  
**Federal Program:**        **HOME – Investment Partnerships Program**  
**CFDA Number:**            **14.239**

Auditee Contact Person(s)

Mike Trexler    [trexlerm@bloomington.in.gov](mailto:trexlerm@bloomington.in.gov)    812-349-3412  
Lisa Abbott    [abbottl@bloomington.in.gov](mailto:abbottl@bloomington.in.gov)    812-349-3576

Expected completion date: 12/31/2010

Corrective action:

The City of Bloomington generates program income for HOME funded projects through its loan portfolio. The HAND Department does loans, conditional loans and grants for a variety of housing projects. Payments are received either as regular monthly payments such as with the Owner-Occupied Rehab loan

program or pay-offs from property sales and are recorded by the Office Manager. HAND generates claims for expenditures under HOME through the City's regular bi-weekly process. Payments come throughout the month from homeowners and when disbursed by title companies from property sales. Deposits are recorded through the City's receipt process.

No program income can be expended prior to it being entered into the Integrated Disbursement and Information System (IDIS) which is HUD's financial system. All activities funded by HUD are assigned an activity code; AD for administration, EN for entitlement activity and CR for CHDO Reserve. There are precise percentages that can be used for each item; 10% for administration, minimum 15% for CHDO and the remaining for entitlement activities. When program income is received into IDIS, it must be selected for the next drawdown for the next entitlement activity HAND performs. Program income cannot be drawn down for a CHDO activity. Only entitlement activities (not administration) can be used for the next draw utilizing program income that has been received into the system. When we receipt in program income and indicate that we would like to use 10% (maximum allowed) for administrative activities, IDIS adjusts our administration amount to include those funds so that would appear as a regular entitlement draws so that HUD can monitor administration expenses.

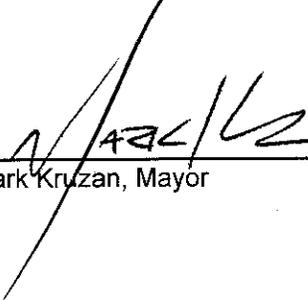
While the finding quotes the exact law, the reality is that it is impossible to guarantee the use of all cash on hand for each draw. The timing of when the expenditures are inputted into the system will likely overlap deposits of payments received. HAND also must determine what activity is being funded because CHDO activities are not eligible for program income. Further, if the IDIS system is not working properly (which sometimes happens), we may not have been able to input the program income into the system prior to draw and, as stated above, we cannot expend program income until it has been recorded into the IDIS system. As this occurrence was 18 months ago, we cannot explain exactly why we did not utilize all cash available prior to the draw. We have put in some policies and procedures in place to be able to explain draws in the future:

1. We will continue to use our IDIS Voucher Request for Payment form (see attached) and it will be signed off by two HAND staff members; Janet Roberts, Office Manager and Bob Woolford, program manager or Lisa Abbott, Director.
2. Any difficulties or oddities will be noted on the Voucher form so that we can remember why certain things happened as they did.

The City of Bloomington has never had a program income finding from HUD and has been complimented on its timely use of program income by its HUD representative in Indianapolis. We believe that we are using our program income within the spirit of the law.

The finding further notes that eligible costs must be expended within 15 days of receipt. We do not believe that there have been any instances that we have not released checks for our expenditures beyond 15 days and no specific instances were noted by the auditor. Further, it states that all interest earned must be returned to the Treasury. Please note that no interest is earned on HAND's federal funds.

We believe that our internal controls are sufficient with the items added above.



Mark Kruzan, Mayor



Mike Trexler, City Controller

CITY OF BLOOMINGTON  
EXIT CONFERENCE

The contents of this report were discussed on August 19, 2010, with Mark Kruzan, Mayor; Maria Heslin, Deputy Mayor; Kevin Robling, Corporation Counsel; Michael Trexler, Controller; and Jeff McMillian, Deputy Controller. The official response has been made a part of this report and may be found on page 73.



**City of Bloomington  
Office of the Controller**

**Response to the 2009 Controller's Office Audit Report**

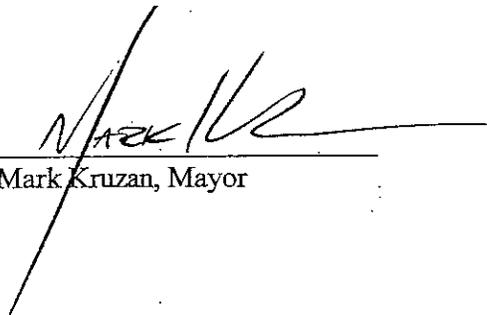
**INTERNAL CONTROLS – FINANCIAL ACTIVITIES**

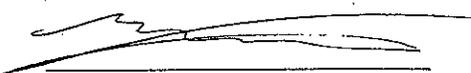
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**OVERDRAWN CASH BALANCES**

These funds were overdrawn due to delayed tax settlements from the County. We are happy to report the 2010 settlements have been distributed on time. We hope to not see this issue arise again in the future.

  
\_\_\_\_\_  
Mark Kruzan, Mayor

  
\_\_\_\_\_  
Mike Trexler, City Controller