

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

ANNUAL FINANCIAL REPORT

2010

CITY OF BLOOMINGTON

MONROE COUNTY, INDIANA



FILED
08/24/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Michael Trexler	01-01-10 to 12-31-11
Mayor	Mark Kruzan	01-01-10 to 12-31-11
President of the Board of Public Works	Charlotte Zietlow	01-01-10 to 12-31-11
President of the Common Council	Isabel Piedmont-Smith Susan Sandberg	01-01-10 to 12-31-10 01-01-11 to 12-31-11
Superintendent of Utilities	Patrick Murphy	01-01-10 to 12-31-11



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 statement(s) of the City of Bloomington (City), for the year ended December 31, 2010. These financial statement(s) are the responsibility of the City's management. Our responsibility is to express opinions on these financial statement(s) 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 statement(s) are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement(s). 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 opinion(s).

As discussed in Note 1, the City prepares its financial statement(s) on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), 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 statement(s) referred to above present fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated August 8, 2011, 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 an opinion on the City's financial statement(s). 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 financial statement(s). Such information has been subjected to the auditing procedures applied in the audit of the financial statement(s) and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement(s) taken as a whole.

Included in the financial statement(s) are the receipts and disbursements activity from emergency telephone system fees (IC 36-8-16) and enhanced wireless emergency telephone fees (IC 36-8-16.5). In accordance with Indiana Code 36-8-16-14 and Indiana Code 36-8-16.5-41 these fees have been subject to an annual audit performed by the State Board of Accounts and, in our opinion, are fairly stated, in all material respects, in relation to the financial statement(s) taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the City's financial statement(s). The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement(s). The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the financial statement(s) and, accordingly, we express no opinion on them.

The City's response to the Audit Result(s) and Comment(s) 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.

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 8, 2011



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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 statement(s) of the City of Bloomington (City), for the year ended December 31, 2010, and have issued our report thereon dated August 8, 2011. 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 opinion(s) on the financial statement(s), 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.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement(s) will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, which are described in the accompanying Schedule of Findings and Questioned Costs as item 2010-1, that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement(s) 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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, Common 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 8, 2011

FINANCIAL STATEMENT(S)

CITY OF BLOOMINGTON
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ (675,532)	\$ 32,479,642	\$ 30,020,412	\$ 1,783,698
Bloomington Technology Park	51,532	600	-	52,132
Motor Vehicle Highway	910,961	2,912,323	3,788,934	34,350
Local Road And Street	80,480	557,596	637,712	364
Parking Enforcement	754,933	2,825,575	2,573,928	1,006,580
Crime Control	236,889	15,457	58,076	194,270
Enhanced Access	2,589	1,172	-	3,761
Electronic Map Generation	17,731	2,154	7,078	12,807
B-Line Ph2 DNR -Grant	931,038	11,625	-	942,663
Parks & Recreation General	676,661	6,426,892	6,582,238	521,315
Community Services	52,013	62,245	64,545	49,713
Rainy Day	5,078,480	861,343	-	5,939,823
CDBG Escrow	11	-	-	11
Police Education	113,861	42,125	34,974	121,012
CDBG	9,621	1,093,504	1,107,901	(4,776)
Parks Non Reverting Operating	923,847	2,544,603	2,414,782	1,053,668
Bloomington Investment Incentive	641,440	22,674	25,000	639,114
Affordable Housing	2,833	-	-	2,833
Rental Rehab	14,000	-	11,390	2,610
HOME	252,516	693,524	951,504	(5,464)
Hand Special Grants	64,652	99,584	100,074	64,162
Dispatch Training	66,735	22,778	5,152	84,361
Wireless Emergency	138,953	249,762	161,683	227,032
Non Reverting Telecommunications	1,486,680	821,176	1,157,275	1,150,581
Restricted Donation	23,252	41,373	37,678	26,947
Municipal Arts	66,617	22	-	66,639
Arts Commission Operating	2,498	88,712	57,121	34,089
Non Reverting Economic Development	16,600	-	-	16,600
Non Reverting Improvement I	161,196	150,171	50,800	260,567
Unsafe Housing	103,192	14,258	22,143	95,307
CTP Downtown	395,674	518,208	-	913,882
TIF Downtown	5,814,807	2,797,547	3,414,234	5,198,120
TIF Tapp	2,808,550	258,905	57,794	3,009,661
TIF Adams	1,153,245	1,009,824	238,325	1,924,744
TIF Prow	515,020	65,405	52,014	528,411
TIF Whitehall	4,865,770	1,633,444	2,436,716	4,062,498
TIF Thomson Walnut Winslow	1,357,728	1,972,271	1,879,613	1,450,386
TIF Replacement	-	199,698	199,698	-
Solid Waste	186,961	1,800,552	1,893,543	93,970
Petty Cash Accounts- City	14,610	-	-	14,610
Petty Cash Accounts-Utilities	400	-	-	400
Alternative Transportation	167,297	225,090	222,691	169,696
Downtown CRED	4,806,670	75,408	15,700	4,866,378
BMFC Showers	69,585	627,579	631,125	66,039
Police Station Lease	43,776	491	-	44,267
98 Street Bond II	(27,492)	915,856	868,029	20,335

The notes to the financial statement(s) are an integral part of this statement.

CITY OF BLOOMINGTON
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Golf Course Bond	458,295	71,801	299,759	230,337
BMFC 1998 Street Lease	47,999	1,142,528	1,143,750	46,777
Redevelopment District Bond 2000	315,187	254,666	251,906	317,947
Fire Station #2 Lease	8,737	189,579	189,000	9,316
2001 Parks Bond	24,501	554,734	510,719	68,516
Cumulative Improvement (Cigarette Tax)	19,218	202,917	202,000	20,135
Cumulative Capital Development	648,734	1,142,916	843,242	948,408
Parks Land Acquisition	708,251	147,239	-	855,490
Cumulative Capital Improvement Rate	1,436,113	966,348	816,074	1,586,387
Fire Capital	128,104	1,548	-	129,652
Industrial Development	817,841	1,083,060	20,011	1,880,890
Vehicle Replacement	2,708,841	167,908	1,966,668	910,081
Risk Management	64,484	757,312	756,256	65,540
Fleet Maintenance	92,591	1,857,607	1,765,431	184,767
Police Pension	1,554,454	1,263,895	1,454,066	1,364,283
Fire Pension	2,017,362	1,647,641	1,937,674	1,727,329
Rosehill Trust	52,673	638	-	53,311
Police & Fire Supplemental Trust	1,675,751	18,461	-	1,694,212
Payroll	402,962	31,125,034	31,102,535	425,461
Health Insurance	2,300,492	6,549,984	8,281,163	569,313
Insurance Voluntary Trust	175,563	617,941	726,037	67,467
Unemployment Comp	51,824	80,106	117,882	14,048
Storm Water Utility-Operating	775,362	1,444,649	1,569,143	650,868
Storm Water Utility-Construction	3,760,944	37,394	114,279	3,684,059
Wastewater Utility-Operating	1,417,892	13,612,760	14,207,216	823,436
Wastewater Utility-Bond And Interest	1,050	4,874,940	4,860,506	15,484
Wastewater Utility-Construction	26,839	250	-	27,089
Wastewater Utility-Debt Reserve	823,674	8,296	-	831,970
Wastewater Utility-Debt Reserve With Fiscal Agent	711,783	-	-	711,783
Water O&M	577,734	11,269,831	10,869,184	978,381
Water Utility-Bond And Interest	1,606	2,905,829	2,899,042	8,393
Water Utility-Construction	688,438	5,757	4,104	690,091
Water Hydrant Deposit	26,450	14,200	11,400	29,250
Water Utility-Debt Reserve	320,072	3,217	-	323,289
Totals	<u>\$ 59,220,701</u>	<u>\$ 148,162,154</u>	<u>\$ 148,698,929</u>	<u>\$ 58,683,926</u>

The notes to the financial statement(s) are an integral part of this statement.

CITY OF BLOOMINGTON
NOTES TO FINANCIAL STATEMENT(S)

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement(s) present(s) the financial information for the City (primary government), and does not include financial information for any of the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the City (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), 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 regulatory 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.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF BLOOMINGTON
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

CITY OF BLOOMINGTON
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF BLOOMINGTON
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The City may be 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; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the City by recording as a disbursement and replacement items purchased.

Note 6. Pension Plan(s)

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 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. That report may be obtained by contacting:

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

CITY OF BLOOMINGTON
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan 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 Officers' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan 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 Indiana Code 5-10.3-11.

CITY OF BLOOMINGTON
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

D. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is 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 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. 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
Ph. (317) 233-4162

Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of PERF.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City of Bloomington's Annual Report(s) can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

CITY OF BLOOMINGTON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010

	General	Bloomington Technology Park	Motor Vehicle Highway	Local Road And Street	Parking Enforcement	Crime Control
Cash and investments - beginning	\$ (675,532)	\$ 51,532	\$ 910,961	\$ 80,480	\$ 754,933	\$ 236,889
Receipts:						
Taxes	17,652,961	-	-	-	-	-
Licenses and permits	195,784	-	-	-	-	-
Intergovernmental	12,260,636	-	2,891,593	555,650	-	-
Charges for services	2,024,886	-	-	-	1,032,624	-
Fines and forfeits	165,506	-	-	-	1,032,676	15,389
Utility fees	-	-	-	-	-	-
Other receipts	179,869	600	20,730	1,946	760,275	68
Total receipts	32,479,642	600	2,912,323	557,596	2,825,575	15,457
Disbursements:						
Personal services	24,711,975	-	2,237,469	-	842,601	-
Supplies	837,162	-	745,105	278,312	39,935	-
Other services and charges	3,268,234	-	806,360	359,400	1,466,392	58,076
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	339,041	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	864,000	-	-	-	225,000	-
Total disbursements	30,020,412	-	3,788,934	637,712	2,573,928	58,076
Excess (deficiency) of receipts over disbursements	2,459,230	600	(876,611)	(80,116)	251,647	(42,619)
Cash and investments - ending	\$ 1,783,698	\$ 52,132	\$ 34,350	\$ 364	\$ 1,006,580	\$ 194,270

CITY OF BLOOMINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Enhanced Access	Electronic Map Generation	B-Line Ph2 DNR -Grant	Parks & Recreation General	Community Services	Rainy Day
Cash and investments - beginning	\$ 2,589	\$ 17,731	\$ 931,038	\$ 676,661	\$ 52,013	\$ 5,078,480
Receipts:						
Taxes	-	-	-	4,827,285	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	434,645	-	791,906
Charges for services	1,172	2,154	-	1,155,822	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	11,625	9,140	62,245	69,437
Total receipts	1,172	2,154	11,625	6,426,892	62,245	861,343
Disbursements:						
Personal services	-	-	-	4,331,704	2,562	-
Supplies	-	-	-	651,266	1,626	-
Other services and charges	-	7,078	-	1,266,664	60,357	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	263,604	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	69,000	-	-
Total disbursements	-	7,078	-	6,582,238	64,545	-
Excess (deficiency) of receipts over disbursements	1,172	(4,924)	11,625	(155,346)	(2,300)	861,343
Cash and investments - ending	\$ 3,761	\$ 12,807	\$ 942,663	\$ 521,315	\$ 49,713	\$ 5,939,823

CITY OF BLOOMINGTON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	CDBG Escrow	Police Education	CDBG	Parks Non Reverting Operating	Bloomington Investment Incentive	Affordable Housing
Cash and investments - beginning	\$ 11	\$ 113,861	\$ 9,621	\$ 923,847	\$ 641,440	\$ 2,833
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	1,065,059	47,458	-	-
Charges for services	-	30,636	-	2,127,391	300	-
Fines and forfeits	-	11,366	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	123	28,445	369,754	22,374	-
Total receipts	-	42,125	1,093,504	2,544,603	22,674	-
Disbursements:						
Personal services	-	-	141,479	664,437	-	-
Supplies	-	-	2,143	540,573	-	-
Other services and charges	-	34,974	964,279	1,209,772	25,000	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	34,974	1,107,901	2,414,782	25,000	-
Excess (deficiency) of receipts over disbursements	-	7,151	(14,397)	129,821	(2,326)	-
Cash and investments - ending	\$ 11	\$ 121,012	\$ (4,776)	\$ 1,053,668	\$ 639,114	\$ 2,833

CITY OF BLOOMINGTON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Rental Rehab	HOME	Hand Special Grants	Dispatch Training	Wireless Emergency	Non Reverting Telecommunications
Cash and investments - beginning	\$ 14,000	\$ 252,516	\$ 64,652	\$ 66,735	\$ 138,953	\$ 1,486,680
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	468,333	80,508	-	249,762	3,600
Charges for services	-	-	-	-	-	799,512
Fines and forfeits	-	-	-	22,750	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	225,191	19,076	28	-	18,064
Total receipts	-	693,524	99,584	22,778	249,762	821,176
Disbursements:						
Personal services	-	103,721	49,424	-	161,683	-
Supplies	-	150	-	-	-	1,588
Other services and charges	11,390	847,633	50,650	5,152	-	468,834
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	686,853
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	11,390	951,504	100,074	5,152	161,683	1,157,275
Excess (deficiency) of receipts over disbursements	(11,390)	(257,980)	(490)	17,626	88,079	(336,099)
Cash and investments - ending	\$ 2,610	\$ (5,464)	\$ 64,162	\$ 84,361	\$ 227,032	\$ 1,150,581

CITY OF BLOOMINGTON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Restricted Donation	Municipal Arts	Arts Commission Operating	Non Reverting Economic Development	Non Reverting Improvement I	Unsafe Housing
Cash and investments - beginning	\$ 23,252	\$ 66,617	\$ 2,498	\$ 16,600	\$ 161,196	\$ 103,192
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	75,237	-	-	-
Charges for services	-	-	11,000	-	147,840	-
Fines and forfeits	-	-	-	-	-	14,258
Utility fees	-	-	-	-	-	-
Other receipts	41,373	22	2,475	-	2,331	-
Total receipts	41,373	22	88,712	-	150,171	14,258
Disbursements:						
Personal services	-	-	-	-	-	16,775
Supplies	27,767	-	1,766	-	-	-
Other services and charges	9,911	-	55,355	-	50,800	5,368
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	37,678	-	57,121	-	50,800	22,143
Excess (deficiency) of receipts over disbursements	3,695	22	31,591	-	99,371	(7,885)
Cash and investments - ending	\$ 26,947	\$ 66,639	\$ 34,089	\$ 16,600	\$ 260,567	\$ 95,307

CITY OF BLOOMINGTON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	CTP Downtown	TIF Downtown	TIF Tapp	TIF Adams	TIF Prow	TIF Whitehall
Cash and investments - beginning	\$ 395,674	\$ 5,814,807	\$ 2,808,550	\$ 1,153,245	\$ 515,020	\$ 4,865,770
Receipts:						
Taxes	-	2,311,105	217,096	543,265	55,606	1,552,149
Licenses and permits	-	-	-	-	-	-
Intergovernmental	512,790	177,426	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	5,418	309,016	41,809	466,559	9,799	81,295
Total receipts	518,208	2,797,547	258,905	1,009,824	65,405	1,633,444
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	2,634,016	57,794	238,325	52,014	146,947
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	31,484	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	748,734	-	-	-	2,289,769
Total disbursements	-	3,414,234	57,794	238,325	52,014	2,436,716
Excess (deficiency) of receipts over disbursements	518,208	(616,687)	201,111	771,499	13,391	(803,272)
Cash and investments - ending	\$ 913,882	\$ 5,198,120	\$ 3,009,661	\$ 1,924,744	\$ 528,411	\$ 4,062,498

CITY OF BLOOMINGTON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	TIF Thomson Walnut Winslow	TIF Replacement	Solid Waste	Petty Cash Accounts- City	Petty Cash Accounts-Utilities	Alternative Transportation
Cash and investments - beginning	\$ 1,357,728	\$ -	\$ 186,961	\$ 14,610	\$ 400	\$ 167,297
Receipts:						
Taxes	1,391,277	199,651	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	1,720	-	-	-	-	-
Charges for services	-	-	922,197	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	579,274	47	878,355	-	-	225,090
Total receipts	1,972,271	199,698	1,800,552	-	-	225,090
Disbursements:						
Personal services	-	-	1,246,253	-	-	-
Supplies	-	-	99,862	-	-	-
Other services and charges	1,870,453	-	547,428	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	9,160	-	-	-	-	222,691
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	199,698	-	-	-	-
Total disbursements	1,879,613	199,698	1,893,543	-	-	222,691
Excess (deficiency) of receipts over disbursements	92,658	-	(92,991)	-	-	2,399
Cash and investments - ending	\$ 1,450,386	\$ -	\$ 93,970	\$ 14,610	\$ 400	\$ 169,696

CITY OF BLOOMINGTON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Downtown CRED	BMFC Showers	Police Station Lease	98 Street Bond II	Golf Course Bond	BMFC 1998 Street Lease
Cash and investments - beginning	\$ 4,806,670	\$ 69,585	\$ 43,776	\$ (27,492)	\$ 458,295	\$ 47,999
Receipts:						
Taxes	-	-	-	839,177	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	7,500	625,000	-	73,194	-	214,000
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	67,908	2,579	491	3,485	71,801	928,528
Total receipts	75,408	627,579	491	915,856	71,801	1,142,528
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	15,700	631,125	-	-	7,900	1,143,750
Debt service - principal and interest	-	-	-	868,029	291,859	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	15,700	631,125	-	868,029	299,759	1,143,750
Excess (deficiency) of receipts over disbursements	59,708	(3,546)	491	47,827	(227,958)	(1,222)
Cash and investments - ending	\$ 4,866,378	\$ 66,039	\$ 44,267	\$ 20,335	\$ 230,337	\$ 46,777

CITY OF BLOOMINGTON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Redevelopment District Bond 2000	Fire Station #2 Lease	2001 Parks Bond	Cumulative Improvement (Cigarette Tax)	Cumulative Capital Development	Parks Land Acquisition
Cash and investments - beginning	\$ 315,187	\$ 8,737	\$ 24,501	\$ 19,218	\$ 648,734	\$ 708,251
Receipts:						
Taxes	-	-	503,017	-	1,048,732	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	46,442	202,882	93,470	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	254,666	189,579	5,275	35	714	147,239
Total receipts	254,666	189,579	554,734	202,917	1,142,916	147,239
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	202,000	-	-
Other services and charges	500	189,000	-	-	418,405	-
Debt service - principal and interest	251,406	-	510,719	-	-	-
Capital outlay	-	-	-	-	287,709	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	137,128	-
Total disbursements	251,906	189,000	510,719	202,000	843,242	-
Excess (deficiency) of receipts over disbursements	2,760	579	44,015	917	299,674	147,239
Cash and investments - ending	\$ 317,947	\$ 9,316	\$ 68,516	\$ 20,135	\$ 948,408	\$ 855,490

CITY OF BLOOMINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Cumulative Capital Improvement Rate	Fire Capital	Industrial Development	Vehicle Replacement	Risk Management	Fleet Maintenance
Cash and investments - beginning	\$ 1,436,113	\$ 128,104	\$ 817,841	\$ 2,708,841	\$ 64,484	\$ 92,591
Receipts:						
Taxes	722,458	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	243,890	-	872,755	-	-	-
Charges for services	-	-	-	-	714,685	1,851,251
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	1,548	210,305	167,908	42,627	6,356
Total receipts	966,348	1,548	1,083,060	167,908	757,312	1,857,607
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	120,241	-	20,011	-	315,610	1,765,431
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	695,833	-	-	1,966,668	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	440,646	-
Total disbursements	816,074	-	20,011	1,966,668	756,256	1,765,431
Excess (deficiency) of receipts over disbursements	150,274	1,548	1,063,049	(1,798,760)	1,056	92,176
Cash and investments - ending	\$ 1,586,387	\$ 129,652	\$ 1,880,890	\$ 910,081	\$ 65,540	\$ 184,767

CITY OF BLOOMINGTON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Police Pension	Fire Pension	Rosehill Trust	Police & Fire Supplemental Trust	Payroll	Health Insurance
Cash and investments - beginning	\$ 1,554,454	\$ 2,017,362	\$ 52,673	\$ 1,675,751	\$ 402,962	\$ 2,300,492
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	1,245,949	1,626,851	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	17,946	20,790	638	18,461	31,125,034	6,549,984
Total receipts	1,263,895	1,647,641	638	18,461	31,125,034	6,549,984
Disbursements:						
Personal services	1,450,438	1,934,985	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	28	240	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	3,600	2,449	-	-	31,102,535	8,281,163
Total disbursements	1,454,066	1,937,674	-	-	31,102,535	8,281,163
Excess (deficiency) of receipts over disbursements	(190,171)	(290,033)	638	18,461	22,499	(1,731,179)
Cash and investments - ending	\$ 1,364,283	\$ 1,727,329	\$ 53,311	\$ 1,694,212	\$ 425,461	\$ 569,313

CITY OF BLOOMINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Insurance Voluntary Trust	Unemployment Comp	Storm Water Utility-Operating	Storm Water Utility-Construction	Wastewater Utility-Operating
Cash and investments - beginning	\$ 175,563	\$ 51,824	\$ 775,362	\$ 3,760,944	\$ 1,417,892
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	1,409,370	-	12,922,772
Other receipts	617,941	80,106	35,279	37,394	689,988
Total receipts	617,941	80,106	1,444,649	37,394	13,612,760
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	506,531	-	9,126,303
Other disbursements	726,037	117,882	1,062,612	114,279	5,080,913
Total disbursements	726,037	117,882	1,569,143	114,279	14,207,216
Excess (deficiency) of receipts over disbursements	(108,096)	(37,776)	(124,494)	(76,885)	(594,456)
Cash and investments - ending	\$ 67,467	\$ 14,048	\$ 650,868	\$ 3,684,059	\$ 823,436

CITY OF BLOOMINGTON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Wastewater Utility-Bond And Interest	Wastewater Utility-Construction	Wastewater Utility-Debt Reserve	Wastewater Debt Reserve with Fiscal Agent	Water O&M
Cash and investments - beginning	\$ 1,050	\$ 26,839	\$ 823,674	\$ 711,783	\$ 577,734
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	10,649,559
Other receipts	4,874,940	250	8,296	-	620,272
Total receipts	4,874,940	250	8,296	-	11,269,831
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	4,858,796	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	7,110,634
Other disbursements	1,710	-	-	-	3,758,550
Total disbursements	4,860,506	-	-	-	10,869,184
Excess (deficiency) of receipts over disbursements	14,434	250	8,296	-	400,647
Cash and investments - ending	\$ 15,484	\$ 27,089	\$ 831,970	\$ 711,783	\$ 978,381

CITY OF BLOOMINGTON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Water Utility-Bond And Interest	Water Utility-Construction	Water Hydrant Deposit	Water Utility-Debt Reserve	Totals
Cash and investments - beginning	\$ 1,606	\$ 688,438	\$ 26,450	\$ 320,072	\$ 59,220,701
Receipts:					
Taxes	-	-	-	-	31,863,779
Licenses and permits	-	-	-	-	195,784
Intergovernmental	-	-	-	-	24,868,256
Charges for services	-	-	-	-	10,821,470
Fines and forfeits	-	-	-	-	1,261,945
Utility fees	-	-	14,200	-	24,995,901
Other receipts	2,905,829	5,757	-	3,217	54,155,019
Total receipts	2,905,829	5,757	14,200	3,217	148,162,154
Disbursements:					
Personal services	-	-	-	-	37,895,506
Supplies	-	-	-	-	3,429,255
Other services and charges	-	-	-	-	21,206,597
Debt service - principal and interest	2,898,727	-	-	-	9,679,536
Capital outlay	-	-	-	-	4,503,043
Utility operating expenses	-	-	11,400	-	16,754,868
Other disbursements	315	4,104	-	-	55,230,124
Total disbursements	2,899,042	4,104	11,400	-	148,698,929
Excess (deficiency) of receipts over disbursements	6,787	1,653	2,800	3,217	(536,775)
Cash and investments - ending	\$ 8,393	\$ 690,091	\$ 29,250	\$ 323,289	\$ 58,683,926

CITY OF BLOOMINGTON
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
December 31, 2010

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.

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets	
Land	\$ 595,674
Construction in progress	3,489,736
Buildings	28,248,298
Improvements other than buildings	41,901,577
Machinery and equipment	23,033,680
Transportation	<u>1,715,223</u>
Total Water Utility capital assets	<u>\$ 98,984,188</u>
Wastewater Utility:	
Capital assets	
Land	1,029,932
Construction in progress	1,090,645
Buildings	6,783,370
Improvements other than buildings	127,547,462
Machinery and equipment	28,553,850
Transportation	<u>2,471,049</u>
Total Wastewater Utility capital assets	<u>\$ 167,476,308</u>
Total business-type activities capital assets	<u>\$ 266,460,496</u>

CITY OF BLOOMINGTON
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2010

The City and the Utilities have entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
City:		
Capital leases:		
Parks Golf Cart Lease	\$ 74,946	\$ 51,809
Fire Truck Lease	61,641	61,641
7th & Walnut Parking Garage	4,348,868	282,131
Regester Parking Garage	6,472,538	492,042
2010 Vehicle Purchases	892,870	327,567
Fire Station #2 Lease	850,500	189,000
Showers Lease	5,400,000	621,718
Street improvements lease	6,810,000	1,146,150
Bonds payable:		
General obligation bonds:		
General Obligation Refunding Bonds, Series 2009	4,750,000	872,562
2000 Redevelopment Bond	1,115,000	256,200
Revenue bonds:		
Parks District Refunding Revenue Bonds, Series 2009	2,075,000	270,705
Parks District Bonds of 2009 (SportsPlex Project)	6,450,000	262,535
Parks District Refunding Bonds, Series 2010	2,995,000	515,933
Total City debt	<u>\$ 42,296,363</u>	<u>\$ 5,349,992</u>
Water Utility		
Loans Payable		
2000 SRF (10,850,000)	9,678,000	1,075,906
2003 SRF (4,215,000)	3,000,000	294,383
2003 SRF (7,885,000)	6,314,000	551,541
Revenue bonds:		
2003 Waterworks (10,220,000)	4,240,000	557,469
2006 Waterworks (5,320,000)	4,680,000	414,127
Total Water Utility	<u>27,912,000</u>	<u>2,893,425</u>
Wastewater Utility		
Capital leases:		
Master Equipment - Vactor	131,526	41,971
2004 Energy Savings	816,773	261,812
Loans Payable		
2000 SRF (3,330,000)	2,422,000	261,425
2000 SRF (8,000,000)	5,821,000	631,009
2000 SRF (4,577,000)	2,838,000	302,069
2004 SRF (5,800,000)	4,695,000	401,567
2006 SRF (3,552,000)	3,155,654	243,745
2006 SRF (7,288,000)	6,474,776	500,118
Revenue bonds:		
1999 Sewage Works (8,200,000)	6,445,000	538,201
2003 Sewage Works (19,095,000)	14,030,000	1,296,833
2006 Sewage Works (2,850,000)	2,025,000	418,446
2006 Sewage Works (5,240,000)	5,240,000	249,487
Total Wastewater Utility	<u>54,094,729</u>	<u>5,146,681</u>
Total Utilities debt:	<u>\$ 82,006,729</u>	<u>\$ 8,040,106</u>

CITY OF BLOOMINGTON
AUDIT RESULT(S) AND COMMENT(S)

INTERNAL CONTROLS OVER FINANCIAL ACTIVITIES

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

Bank reconcilements were prepared by the Controller's staff; however, outstanding check lists were not compiled into one complete list, for each bank account. Each outstanding check list must first be compiled from several different spreadsheet files, consisting of the outstanding checks from the prior month, and the current month's outstanding checks. Also, there were several other amounts on the December 31, 2010 outstanding check list which had to be researched by the Controller's office staff. Those amounts appeared to be items which should be identified on the reconcilements as reconciling items, not outstanding checks. Those reconciling items would then need to be corrected on a timely basis, either by making the appropriate book entries or working with the bank, in the case of bank errors. The reconcilements should contain sufficient information and detail (including outstanding check details) that additional compilation or information should not be necessary. Also, there was no evidence that the reconcilements were reviewed and approved by someone independent of the reconciling process. There was a similar finding in the prior audit report for 2009.

The City's payroll processing is handled primarily by one staff person within the Controller's office. As a result of implementation of a new financial software system, there have been improvements to the internal controls, since the various City departments are more involved in the payroll process. However, internal controls over payroll and related areas were still lacking. The payroll staff person issues the payments for employee benefits and related payroll expenses, and posts those payments to the various funds. Also, some employer provided benefits are transferred from the various funds into the Payroll Fund. There was a similar finding in the prior audit report for 2009. Controls were not sufficient to provide for an accounting of the Payroll Fund cash balance, which would include payroll withholdings and employer provided benefits of various types. As of December 31, 2010, the Payroll Fund had a cash balance of \$425,461.

City officials don't have sufficient controls over their reporting of federal financial assistance expenditures. The information provided varies as to the correctness and completeness. There were several instances where the amounts reported were revised during the audit. In addition, one program's expenditures were reported as \$344,748; the program's year-end financial report for the year to date expenditures was \$523,739, a difference of \$177,426. Upon request, additional work and research had to be done in order to provide the supporting documentation for the correct amount of the expenditures, which was \$523,739. Due to some timing differences, the actual expenditures as reported on the Schedule of Expenditures of Federal Awards is \$520,655.

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)

CITY OF BLOOMINGTON
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

SOURCES AND USES OF FUNDS - MOTOR VEHICLE HIGHWAY

Funds in the amount of \$65,264 were transferred from the Motor Vehicle Highway Fund to the General Fund, Facilities Department as a part of interdepartmental charges for the maintenance of facilities.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Indiana Code 8-14-1-5 states in part:

"(a) All funds allocated to cities and towns from the motor vehicle highway account shall be used by the cities and towns for the construction, reconstruction, repair, maintenance, oiling, sprinkling, snow removal, weed and tree cutting and cleaning of their highways as herein defined, and including also any curbs, and the city's or town's share of the cost of the separation of the grades of crossing of public highways and railroads, the purchase or lease of highway construction and maintenance equipment, the purchase, erection, operation and maintenance of traffic signs and signals, and safety zones and devices; and the painting of structures, objects, surfaces in highways for purposes of safety and traffic regulation. All of such funds shall be budgeted as provided by law. . . .

(c) In addition to purposes for which funds may be expended under subsections (a) and (b) of this section, monies allocated to cities and towns under this chapter may be expended for the payment of principal and interest on bonds sold primarily to finance road, street, or thoroughfare projects."

OVERDRAWN CASH BALANCES

The cash balance of the CDBG Fund was overdrawn by \$4,776, and the cash balance of the HOME Fund was overdrawn by \$5,464 as of December 31, 2010. These funds are federal grant funds and, as a result, there may be timing differences in the cash drawdowns, which may lead to temporarily overdrawn cash balances in these funds.

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)

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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 program(s) for the year ended December 31, 2010. The City's major federal program(s) 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 program(s) 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 other major federal program(s) for the year ended December 31, 2010. The results of our auditing procedures also disclosed other 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(s) 2010-2 and 2010-3.

Internal Control Over Compliance

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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)

A deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as item(s) 2010-2 and 2010-3. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 the response.

This report is intended solely for the information and use of the City's management, Common Council, others within the entity, 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 8, 2011

CITY OF BLOOMINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2010

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-75305	\$ 5,265
Total for cluster			5,265
Pass-Through Indiana Department of Agriculture Specialty Crop Block Grant Program	10.169	12-25-B-0846	1,000
Total for federal grantor agency			6,265
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Grant			
CDBG-Entitlement Grants Cluster			
Community Development Block Grants/Entitlement Grants Program Income	14.218	N/A	28,445
		B-08-MC-18-0013	606,166
		B-09-MC-18-0013	234,315
Total for program			868,926
ARRA Community Development Block Grant ARRA Entitlement Grants (CDBG-R)	14.253	B-MY-180013	224,578
Total for cluster			1,093,504
Housing Counseling Assistance Program	14.169	HC090421169	29,827
Shelter Plus Care	14.238	IN0048C5H020801	20,944
		IN0048C5H020802	21,504
Total for program			42,448
HOME - Investment Partnerships Program Program Income	14.239	N/A	224,966
		MC-08-MC-18-0200	143,962
		MC-09-MC-18-0200	328,105
Total for program			697,033
Pass-Through Indiana Office of Community and Rural Affairs CDBG-State-Administered Small Cities Program Cluster Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii Disaster Recovery Grant	14.228	DRIA-09-102	6,153
Total for cluster			6,153
Total for federal grantor agency			1,868,965
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
ARRA Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government 2009 JAG Mobile Data Upgrade & Vehicle Replacement Project	16.804	2009-SB-B9-1635	126,729
Pass-Through Indiana Criminal Justice Institute Edward Byrne Memorial Justice Assistance Grant Program 2009 Justice Assistance Grant Program	16.579		14,020
Pass-Through Indiana State Police ARRA Internet Crimes Against Children Task Force Program (ICAC)	16.800	2009-SN-B9-K051	10,000
Internet Crimes Against Children Task Force Program (ICAC)	16.800	2008-MC-CX-K006	3,974
Total for program			13,974
Total for federal grantor agency			154,723

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, 2010
(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 2010		None	247,727
Planning Funds FY 2011		None	57,327
Federal Aid Highway Program		EDS #A249-7-320418	6,257
Federal Aid Highway Program		DES #0901730 ST1029	67,058
Federal Aid Highway Program		DES #0900216	120,307
Federal Aid Highway Program		DES #04010308 STP-9953(028)	14,097
Federal Aid Highway Program		DES #0600496	3,058
Federal Aid Highway Program		DES #0300766	448
Total for program			516,279
ARRA Highway Planning and Construction	20.205	EDS# A249-10-320619	47,458
Total for cluster			563,737
Pass-Through Indiana Criminal Justice Institute			
Highway Safety Cluster			
State and Community Highway Safety	20.600	PT-10-04-04-33	18,901
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	K8-2010-03-03-21	14,421
Total for cluster			33,322
Pass-Through Indiana Department of Transportation			
Metropolitan Transportation Planning			
Section 5303 FY 2010	20.505	None	872
Total for federal grantor agency			597,931
<u>NATIONAL ENDOWMENT FOR THE ARTS</u>			
Pass-Through Arts Midwest			
Promotion of the Arts Partnership Agreements	45.025	FY10-301	11,000
Pass-Through Indiana Arts Commission			
Promotion of the Arts Partnership Agreements	45.025		
Regional Arts Partner		None	44,112
Total for federal grantor agency			55,112
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Finance Authority			
Capitalization Grants for Clean Water State Revolving Funds	66.458	WW0644535	357,947
Total for federal grantor agency			357,947
<u>U.S. DEPARTMENT OF ENERGY</u>			
Direct Grant			
ARRA Energy Efficiency and Conservation Block Grant Program	81.128	DE-SC0001977	520,655
Total for federal grantor agency			520,655
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Pass-Through Monroe County Community School Corporation			
Twenty-First Century Community Learning Centers	84.287	None	17,502
Total for federal grantor agency			17,502
Total federal awards expended			\$ 3,579,100

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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Bloomington (City) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2010:

Program Title	Federal CFDA Number	2010
Community Development Block Grants/Entitlement Grants	14.218	\$ 461,822
HOME-Investment Partnerships Program	14.239	559,619

CITY OF BLOOMINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement(s):

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiency identified?	yes
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	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
	CDBG-Entitlement Grants Cluster
14.239	HOME - Investment Partnerships Program
66.458	Capitalization Grants for Clean Water State Revolving Funds
81.128	ARRA Energy Efficiency and Conservation Block Grant Program

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 2010-1 - INTERNAL CONTROLS OVER 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, outstanding check lists were not compiled into one complete list, for each bank account. Each outstanding check list must first be compiled from several different spreadsheet files, consisting of the outstanding checks from the prior month, and the current month's outstanding checks. Also, there were several other amounts on the December 31, 2010 outstanding check list which had to be researched by the Controller's office staff.

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

Those amounts appeared to be items which should be identified on the reconcilements as reconciling items, not outstanding checks. Those reconciling items would then need to be corrected on a timely basis, either by making the appropriate book entries or working with the bank, in the case of bank errors. The reconcilements should contain sufficient information and detail (including outstanding check details) that additional compilation or information should not be necessary. Also, there was no evidence that the reconcilements were reviewed and approved by someone independent of the reconciling process. There was a similar finding in the prior audit report for 2009.

The City's payroll processing is handled primarily by one staff person within the Controller's office. As a result of implementation of a new financial software system, there have been improvements to the internal controls, since the various City departments are more involved in the payroll process. However, internal controls over payroll and related areas were still lacking. The payroll staff person issues the payments for employee benefits and related payroll expenses, and posts those payments to the various funds. Also, some employer provided benefits are transferred from the various funds into the Payroll Fund. There was a similar finding in the prior audit report for 2009. Controls were not sufficient to provide for an accounting of the Payroll Fund cash balance, which would include payroll withholdings and employer provided benefits of various types. As of December 31, 2010, the Payroll Fund had a cash balance of \$425,461.

City officials don't have sufficient controls over their reporting of federal financial assistance expenditures. The information provided varies as to the correctness and completeness. There were several instances where the amounts reported were revised during the audit. In addition, one program's expenditures were reported as \$344,748; the program's year-end financial report for the year to date expenditures was \$523,739, a difference of \$ 177,426. Upon request, additional work and research had to be done in order to provide the supporting documentation for the correct amount of the expenditures, which was \$523,739. Due to some timing differences, the actual expenditures as reported on the Schedule of Expenditures of Federal Awards is \$520,655.

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Section III – Federal Award Findings and Questioned Costs

FINDING 2010-2 - DAVIS-BACON ACT

Federal Agency: U.S. Department of Energy
Federal Program: ARRA Energy Efficiency and Conservation Block Grant Program
CFDA No.: 81.128

As a part of the energy grant projects, City officials undertook a project which included replacing street lighting within two City funded public works projects. Of the two projects, only one contractor's certified payrolls were submitted to City officials for verification purposes.

The certified payrolls for the Rogers and Patterson Improvements Phase II project were not sent to the City Legal Department staff, which was usually in charge of verifying those payrolls.

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

During the audit, we requested the file for this project; however, the Legal Department staff was unable to locate the file. Upon further review, it was determined that they had not received the weekly certified payrolls; and therefore, did not review the payrolls. Upon our inquiry, the certified payrolls were obtained by City officials for the Legal Department to review for compliance with the applicable Davis-Bacon requirements.

It appeared that there was a lack of internal controls to ensure that the Davis-Bacon requirements were complied with.

CFR 29 § 5.5(a)(3) states in part:

"(ii)(A) The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the (write in name of appropriate Federal agency) if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant, sponsor, or owner, as the case may be, for transmission to the (write in name of agency). The payrolls submitted shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i) . . . This information may be submitted in any form desired. "

The lack of monitoring of compliance with the Davis-Bacon Act could result in cancellation of contracts and/or the repayment of federal funds to the U.S. Department of Energy.

We recommended that City officials establish controls to ensure that federal prevailing wage rates are paid on construction contracts to be in compliance with the Davis-Bacon Act.

FINDING 2010-3 - CASH MANAGEMENT

Federal Agency: U.S. Department Of Energy
Federal Program: ARRA Energy Efficiency and Conservation Block Grant Program
CFDA Number: 81.128
Federal Award Number: DE-SC0001977

Several cash drawdown requests were processed by City officials as invoices were received. Cash drawdown requests appeared to have been done correctly; however, procedures were not in place to ensure that the accounts payable vouchers were paid promptly upon receipt of the grant funds. Of the three drawdown requests reviewed, the funds were on hand between eight and fourteen business days prior to payment of the accounts payable vouchers.

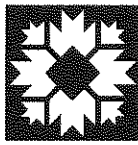
In accordance with 10 CFR 600.220 (b)(7):

"Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

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

Surplus cash indicates noncompliance with the cash management requirement as set forth by the grant agreement. Additionally, failure to minimize the time between drawdowns and the payment of the disbursements may cause future funding to be reduced by the federal agency.

We recommended that City Officials develop and implement procedures and controls to ensure that the time between the receipt and disbursement of federal funds is minimized according to the grant requirements.



**City of Bloomington
Office of the Controller**

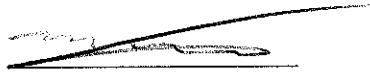
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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

Auditee Contact Person: Mike Trexler
Title of Contact Person: City Controller
Phone Number: 812-349-3412
E-mail Address: trexlerm@bloomington.in.gov

Status of Finding:

The Finding has been cleared by the U.S. Department of Housing and Urban Development as of December 16, 2010. Please see the attached letter from a representative of that office for further details.


Mike Trexler



U.S. Department of Housing and Urban Development

Indianapolis Field Office
151 North Delaware Street
Indianapolis, IN 46204-2526
(317) 226-6303, Fax (317) 614-6101

Ms. Lisa Abbott
Director
Housing and Neighborhood Development Department
P.O. Box 100
Bloomington, IN 47402

DEC 16 2010

Dear Ms. Lisa Abbott,

Subject: Audit Report
Period ending: December 31, 2009
Program Area: Community Development Block Grants
B-07-MC-18-0013
B-08-MC-18-0013
Housing Counseling Assistance Program
HC 080498090
Shelter Plus Care
IN36C203001
HOME-Investments Partnership Program
M-08-MC-18-0200
Audit Issue Date: September 30, 2010
Audit Control Number: 09-02

We have received the above referenced audit prepared by the Indiana State Board of Accounts. This report was found to be complete and is acceptable for processing. The report contained the following finding that HUD will control:

FINDING 2009-2, PROGRAM INCOME

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: HOME – Investment Partnerships Program
CFDA No.: 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 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.

HUD’s RESPONSE

This office and the City of Bloomington’s Housing and Neighborhood Development Department have held multiple discussions with respect to the above identified Finding made by the Indiana State Board of Accounts (ISBA). The fundamental issue identified by the ISBA in the City of Bloomington is one that is common across all HOME-Investments Partnership Program grant recipients. That is, the Integrated Disbursement and Information System (IDIS) (the system used by HUD that allows for CPD grantees to make grant fund requests from the U.S. Treasury) is not designed to properly account for program income draws in funds types that are not regular entitlement (EN) draws- such Community Housing and Development Organization (CHDO) draws and administrative (AD) draws. What this means is that if program income is drawn on fund types such as CHDO or AD, the statutory minimum amounts may not be met and statutory maximum amounts may be breached in the IDIS

system and therefore the city would not be in compliance with HOME regulations. For the City of Bloomington, the use of program income is exacerbated because of the large amount of program income earned from its HOME affordable housing investments. Lastly, HUD's Office of Affordable Housing in Washington, DC is keenly aware of this issue as it relates to the IDIS system and is working toward a fix in IDIS's programming.

In light of the above discussion, this office is in receipt of the City of Bloomington's planned course of action dated December 6, 2010 to clear the Finding cited by ISBA on September 30, 2010 and has found this response to be sufficient. Therefore, this office is clearing Finding 2009-2, effective the date of this letter.

If there are any questions, please contact Nathan Loper, Community Planning and Development Representative, at (317) 226-6303, extension 6135, or at nathan.a.loper@hud.gov, or Karen Bishop, Audit Coordinator, at (317) 226-6303, extension 6475, or at karen.bishop@hud.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Poffenberger', with a large, sweeping flourish extending to the right.

Robert F. Poffenberger
Director
Office of Community Planning
and Development

cc: Karen Bishop
Audit Coordinator



**City of Bloomington
Office of the Controller**

CORRECTIVE ACTION PLAN

Section II – Financial Statement Findings

FINDING 2010-1. INTERNAL CONTROLS OF FINANCIAL ACTIVITIES

Auditee Contact Person(s):

Mike Trexler trexlerm@bloomington.in.gov 812-349-3412

Expected completion date: 12/31/2011

Corrective action:

The City is in the process of finalizing the installation of new financial software that has impacted 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 fully implemented before the start of the 2011 audit.

In this new system, bank reconcilements, payroll processing, and grant management have all changed dramatically. We currently have 3 people involved in preparing the bank reconcilements each month. The new system will prepare these reconcilements 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. The City recently reorganized a position in the Controller's Office to focus entirely on grants management. Combined with the implementation of the new system, we expect reporting in this area to improve dramatically.

Section III – Federal Award Findings and Questioned Costs

FINDING 2010-2. DAVIS-BACON ACT

Federal Agency: U.S. Department of Energy
Federal Program: ARRA Energy Efficiency and Conservation Block Grant Program
CFDA Number: 81.128

Auditee Contact Person(s)

Mike Trexler trexlerm@bloomington.in.gov 812-349-3412
Andrea Roberts rebertsa@bloomington.in.gov 812-349-3594

Expected completion date: 08/16/2011

It is the policy of the City of Bloomington for the department responsible for monitoring any Federal grant to provide the weekly certified payrolls to the Legal Department's staff for review. This policy has been reviewed with the individuals responsible for this specific grant. As noted in the comment the certified payrolls have since been reviewed and found to be compliant with the applicable requirements. It should also be noted that this was the only project in this grant or any other current grant where the certified payrolls were not supplied to the Legal Department. To ensure future compliance, the City's Grant Manager will more closely monitor this aspect of the City's Federal grants.

FINDING 2010-3. CASH MANAGEMENT

Federal Agency: U.S. Department of Energy
Federal Program: ARRA Energy Efficiency and Conservation Block Grant Program
CFDA Number: 81.128
Federal Award Number: DE-SC0001977

Auditee Contact Person(s)

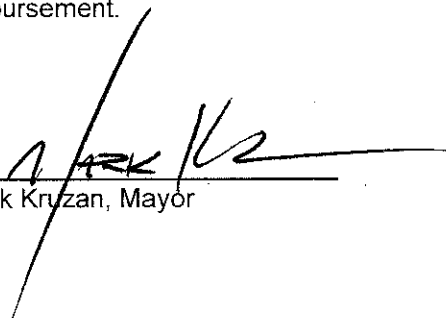
Mike Trexler	trexlerm@bloomington.in.gov	812-349-3412
Andrea Roberts	rebertsa@bloomington.in.gov	812-349-3594

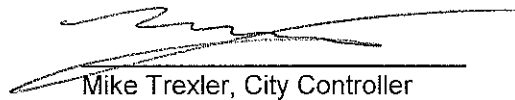
Expected completion date: 12/31/2011

Corrective action:

The City's accounts payable process is bound by state code and designed to be deliberate and slow. Each claim must receive Board approval and remain on file for five business days after approval before it can be released. Depending on when the claims are received in relation to the next Board of Public Works meeting, claims can take up to fourteen business days to process and pay. This fourteen day period is considered to be as fast as is administratively feasible. The City is very strict in following this process of board approval to ensure that all due diligence is paid to each claim.

The State Board of Accounts Auditors have identified two possible methods for making these transfers closer to actual disbursements. One would involve processing the disbursements before the City has received the transfer. The other would involve making the disbursement without Board approval. Federal grants are one of a few types of claims that may be made without Board approval under Indiana Code. The City will review these two options and do what it can to reduce the time between transfer and disbursement.

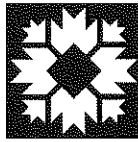


Mark Kruzan, Mayor

Mike Trexler, City Controller

CITY OF BLOOMINGTON
EXIT CONFERENCE

The contents of this report were discussed on August 8, 2011, with Mark Kruzan, Mayor; Susan Sandberg, President of the Common Council; Daniel Sherman, Attorney/Administrator, City Council; 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 54.



**City of Bloomington
Office of the Controller**

Response to the 2010 City of Bloomington Audit Report

FUND SOURCES AND USES – MOTOR VEHICLE HIGHWAY

It was the City's understanding that maintenance of the facilities used to maintain our streets is an allowable use of the Motor Vehicle Highway (MVH) Funds. The City will transfer these funds back to the MVH Fund as appropriate.

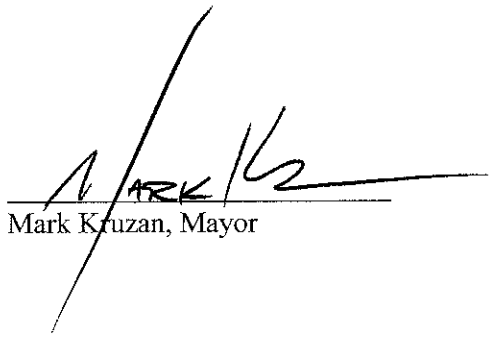
OVERDRAWN CASH BALANCES

As noted in the comment, this fund was temporarily overdrawn due to the timing of cash drawdowns. The City actively monitors the timing of these activities; but occasionally, issues of this nature do cross year-end.

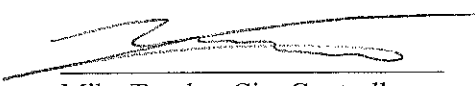
INTERNAL CONTROLS – FINANCIAL ACTIVITIES

The City is in the process of finalizing the installation of new financial software that has impacted 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 fully implemented before the start of the 2011 audit.

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Mark Krizan, Mayor



Mike Trexler, City Controller