

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF BLOOMINGTON
MONROE COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
09/11/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Michael Trexler	01-01-11 to 12-31-12
Mayor	Mark Kruzan	01-01-08 to 12-31-15
President of the Board of Public Works	Charlotte Zietlow	01-01-11 to 12-31-12
President of the Common Council	Susan Sandberg Tim Mayer	01-01-11 to 12-31-11 01-01-12 to 12-31-12
Superintendent of Utilities	Patrick Murphy	01-01-11 to 12-31-12



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statement of the City of Bloomington (City), for the year ended December 31, 2011. This financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on this financial statement 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 is 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. 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.

As discussed in Note 1, the City prepares its financial statement 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 referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated June 20, 2012, 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
(Continued)

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

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

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

This report is intended solely for the information and use of the City's management, City 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

June 20, 2012



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

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

We have audited the financial statement of the City of Bloomington (City), for the year ended December 31, 2011, and have issued our report thereon dated June 20, 2012. 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 on the financial statement, 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 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 2011-1, 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 THE FINANCIAL STATEMENT
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 is 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, City 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

June 20, 2012

FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF BLOOMINGTON
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 1,783,698	\$ 29,589,445	\$ 31,693,861	\$ (320,718)
Motor Vehicle Highway	34,350	4,246,312	4,025,124	255,538
Local Road And Street	364	885,181	598,713	286,832
Parking Enforcement	1,006,580	2,768,143	2,958,001	816,722
Crime Control	194,270	15,255	55,450	154,075
Enhanced Access	3,761	220	-	3,981
Electronic Map Generation	12,807	648	6,193	7,262
Parks & Rec General	521,315	5,663,440	6,381,080	(196,325)
Rainy Day	5,939,823	22,721	1,366,075	4,596,469
Cumulative Improvement (Cig)	20,135	200,086	202,000	18,221
Cumulative Capital Development	948,408	997,452	1,441,209	504,651
Police Pension	1,364,283	1,431,622	1,330,819	1,465,086
Fire Pension	1,727,329	1,902,542	1,909,271	1,720,600
Debt Service Reserve For 440 TIF	-	1,059,552	-	1,059,552
Rental Inspection Program	-	91,320	90,000	1,320
PERF Pension Relief Fund Police Held at the PERF	736,964	689	-	737,653
PERF Pension Relief Fund Fire Held at PERF	957,248	895	-	958,143
Bloomington Technology Park	52,132	241	-	52,373
B-Line Ph2 Dnr - Grant	942,663	50,609	168,980	824,292
Community Services	49,713	59,634	64,382	44,965
CDBG Escrow	11	4,784	4,784	11
Police Education	121,012	40,290	28,059	133,243
CDBG	(4,776)	627,736	623,873	(913)
Parks Non Reverting Operating	1,053,668	2,247,331	1,767,010	1,533,989
Bloomington Investment Incentive	639,114	38,473	342,500	335,087
Affordable Housing	2,833	-	-	2,833
Rental Rehab	2,610	-	-	2,610
Home	(5,464)	490,498	480,252	4,782
Hand Special Grants	64,162	307,994	289,967	82,189
Dispatch Training	84,361	11,021	4,977	90,405
Wireless Emergency	227,032	233,534	174,357	286,209
Non Reverting Telecommunications	1,150,581	939,323	781,344	1,308,560
Restricted Donation	26,947	35,723	26,395	36,275
Municipal Arts	66,639	-	-	66,639
Arts Commission Operating	34,089	21,347	43,959	11,477
Non Reverting Economic Development	16,600	-	-	16,600
Non Reverting Improvement I	260,567	117,808	77,462	300,913
Unsafe Housing	95,307	30,589	38,141	87,755
CTP Downtown	913,882	691,228	-	1,605,110
TIF Downtown	5,198,120	16,373,450	11,499,900	10,071,670
TIF Tapp	3,009,661	371,356	148,403	3,232,614
TIF Adams	1,924,744	914,097	21,652	2,817,189
TIF Prow	528,411	124,349	47,704	605,056
TIF Whitehall	4,062,498	2,415,511	1,803,161	4,674,848
TIF Thomson Walnut Winslow	1,450,386	2,847,591	1,205,513	3,092,464
Solid Waste	93,970	1,784,545	1,865,307	13,208
Petty Cash Accounts - City	14,610	-	-	14,610
Petty Cash Accounts - Utilities	400	-	-	400
Alternative Transportation	169,696	765,181	594,694	340,183
Downtown Cred	4,866,378	617,415	137,247	5,346,546
BMFC Showers	66,039	625,941	625,250	66,730
Police Station Lease	44,267	193	-	44,460
98 Street Bond li	20,335	833,042	859,813	(6,436)
Golf Course Bond	230,337	40,771	271,105	3
BMFC 1998 Street Lease	46,777	1,139,758	1,152,750	33,785
Redevelopment District Bond 2000	317,947	252,147	256,700	313,394
Fire Station #2 Lease	9,316	189,148	189,000	9,464
2001 Parks Bond	68,516	556,496	516,333	108,679
Parks Land Acquisition	855,490	141,584	-	997,074
Cumulative Captial Improvement Rate	1,586,387	869,663	1,054,307	1,401,743
Fire Capital	129,652	612	-	130,264
Industriail Development	1,880,890	937,855	552,965	2,265,780
Vehicle Replacement	910,081	486,697	854,417	542,361
Risk Management	65,540	718,915	722,833	61,622
Fleet Maintenance	184,767	2,229,007	2,032,846	380,928
Rosehill Trust	53,311	241	-	53,552
Payroll	425,461	11,022,273	10,332,232	1,115,502
Utilities Payroll	-	49,106	49,106	-
Health Insurance	569,313	8,642,614	9,165,116	46,811
Insurance Voluntary Trust	67,467	687,414	687,228	67,653
Unemployment Comp	14,048	147,677	100,628	61,097
Storm Water Utility - Operating	650,868	1,868,665	2,003,399	516,134
Storm Water Utility - Construction	3,684,059	15,152	450,815	3,248,396
Wastewater Utility - Operating	823,436	14,354,143	15,035,252	142,327
Wastewater Util - Bond And Interest	15,484	4,891,722	4,905,881	1,325
Wastewater Utility-Sinking Cash with Fiscal Agent	3,795,880	3,853,859	3,795,880	3,853,859
Wastewater Utility - Construction	27,089	71	27,160	-
Wastewater Utility - Debt Reserve	831,970	3,429	46,000	789,399
Wastewater Utility-Debt Reserve with Fiscal Agent	711,783	-	-	711,783
Water O&M	978,381	13,982,515	12,937,831	2,023,065
Water Utility - Bond And Interest	8,393	3,188,798	3,193,237	3,954
Water Utility-Sinking Cash with Fiscal Agent	1,438,385	735,492	1,438,385	735,492
Water Utility - Construction	690,091	30,818,718	656,952	30,851,857
Water Hydrant Deposit	29,250	14,050	17,950	25,350
Water Utility - Debt Reserve	323,289	4,829,064	3,961,054	1,191,299
Water Utility-Debt Reserve with Fiscal Agent	-	4,935,266	487,106	4,448,160
Totals	\$ 63,918,191	\$ 194,099,279	\$ 152,677,350	\$ 105,340,120

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

CITY OF BLOOMINGTON
NOTES TO FINANCIAL STATEMENT

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 presents 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 statement. 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
(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 statement. 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
(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
(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 any replacement items purchased.

Note 6. *Pension Plans*

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
(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
(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.

Note 7. Restatements

For the year ended December 31, 2010, certain changes have been made to the financial statements to more appropriately reflect financial activity of the City. The following schedule presents a summary of restated beginning balances for the City. Prior period adjustments represent amounts held by the Bank of New York. These amounts were debt proceeds for the water and wastewater utilities that were erroneously omitted from the financial report in 2010.

	Balance as Reported December 31, 2010	Prior Period Adjustment	Balance as Restated January 1, 2011
Water Utility – Sinking	\$ -	\$ 1,438,385	\$ 1,438,385
Wastewater Utility - Sinking	-	3,795,880	3,795,880

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the City which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the City. It is presented as intended by the City.

CITY OF BLOOMINGTON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road And Street	Parking Enforcement	Crime Control	Enhanced Access	Electronic Map Generation	Parks & Rec General
Cash and investments - beginning	\$ 1,783,698	\$ 34,350	\$ 364	\$ 1,006,580	\$ 194,270	\$ 3,761	\$ 12,807	\$ 521,315
Receipts:								
Taxes	18,554,314	-	-	-	-	-	-	4,358,208
Licenses and permits	112,098	-	-	-	-	-	-	-
Intergovernmental	8,703,868	3,008,162	541,006	-	4,800	-	-	260,493
Charges for services	1,805,798	-	-	1,077,187	-	220	648	1,044,739
Fines and forfeits	119,678	-	-	941,338	8,389	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	293,689	1,238,150	344,175	749,618	2,066	-	-	-
Total receipts	29,589,445	4,246,312	885,181	2,768,143	15,255	220	648	5,663,440
Disbursements:								
Personal services	26,238,564	2,187,870	-	810,712	-	-	-	4,453,403
Supplies	903,560	964,508	239,313	34,939	-	-	-	568,398
Other services and charges	3,288,954	872,746	359,400	644,357	55,450	-	6,193	1,058,138
Debt service - principal and interest	4,650	-	-	694,181	-	-	-	60,783
Capital outlay	144,133	-	-	8,812	-	-	-	85,249
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	1,114,000	-	-	765,000	-	-	-	155,109
Total disbursements	31,693,861	4,025,124	598,713	2,958,001	55,450	-	6,193	6,381,080
Excess (deficiency) of receipts over disbursements	(2,104,416)	221,188	286,468	(189,858)	(40,195)	220	(5,545)	(717,640)
Cash and investments - ending	\$ (320,718)	\$ 255,538	\$ 286,832	\$ 816,722	\$ 154,075	\$ 3,981	\$ 7,262	\$ (196,325)

CITY OF BLOOMINGTON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2011
(Continued)

	Rainy Day	Cumulative Improvement (Cig)	Cumulative Capital Development	Police Pension	Fire Pension	Debt Service Reserve For 440 TIF	Rental Inspection Program	PERF Pension Relief Fund Police Held at the PERF
Cash and investments - beginning	\$ 5,939,823	\$ 20,135	\$ 948,408	\$ 1,364,283	\$ 1,727,329	\$ -	\$ -	\$ 736,964
Receipts:								
Taxes	-	-	885,742	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	83,610	-
Intergovernmental	-	198,987	110,990	1,424,491	1,894,792	-	-	-
Charges for services	-	-	-	-	-	-	7,710	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	22,721	1,099	720	7,131	7,750	1,059,552	-	689
Total receipts	22,721	200,086	997,452	1,431,622	1,902,542	1,059,552	91,320	689
Disbursements:								
Personal services	-	-	-	3,700	3,600	-	-	-
Supplies	-	202,000	-	47	286	-	-	-
Other services and charges	-	-	124,540	1,327,072	1,905,385	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	249,541	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	1,366,075	-	1,067,128	-	-	-	90,000	-
Total disbursements	1,366,075	202,000	1,441,209	1,330,819	1,909,271	-	90,000	-
Excess (deficiency) of receipts over disbursements	(1,343,354)	(1,914)	(443,757)	100,803	(6,729)	1,059,552	1,320	689
Cash and investments - ending	\$ 4,596,469	\$ 18,221	\$ 504,651	\$ 1,465,086	\$ 1,720,600	\$ 1,059,552	\$ 1,320	\$ 737,653

CITY OF BLOOMINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	PERF Pension Relief Fund Fire Held at PERF	Bloomington Technology Park	B-Line Ph2 Dnr - Grant	Community Services	CDBG Escrow	Police Education	CDBG	Parks Non Reverting Operating
Cash and investments - beginning	\$ 957,248	\$ 52,132	\$ 942,663	\$ 49,713	\$ 11	\$ 121,012	\$ (4,776)	\$ 1,053,668
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	614,651	-
Charges for services	-	-	-	-	-	29,111	-	2,247,331
Fines and forfeits	-	-	-	-	-	11,000	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	895	241	50,609	59,634	4,784	179	13,085	-
Total receipts	895	241	50,609	59,634	4,784	40,290	627,736	2,247,331
Disbursements:								
Personal services	-	-	-	1,023	-	-	113,012	579,343
Supplies	-	-	-	4,447	-	-	996	397,797
Other services and charges	-	-	168,980	58,912	4,784	28,059	509,865	523,714
Debt service - principal and interest	-	-	-	-	-	-	-	266,156
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	-	-	168,980	64,382	4,784	28,059	623,873	1,767,010
Excess (deficiency) of receipts over disbursements	895	241	(118,371)	(4,748)	-	12,231	3,863	480,321
Cash and investments - ending	\$ 958,143	\$ 52,373	\$ 824,292	\$ 44,965	\$ 11	\$ 133,243	\$ (913)	\$ 1,533,989

CITY OF BLOOMINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Bloomington Investment Incentive	Affordable Housing	Rental Rehab	Home	Hand Special Grants	Dispatch Training	Wireless Emergency	Non Reverting Telecommunications
Cash and investments - beginning	\$ 639,114	\$ 2,833	\$ 2,610	\$ (5,464)	\$ 64,162	\$ 84,361	\$ 227,032	\$ 1,150,581
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	404,292	289,974	-	233,534	1,817
Charges for services	400	-	-	-	-	-	-	830,038
Fines and forfeits	-	-	-	-	-	11,000	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	38,073	-	-	86,206	18,020	21	-	107,468
Total receipts	38,473	-	-	490,498	307,994	11,021	233,534	939,323
Disbursements:								
Personal services	-	-	-	86,749	33,500	-	174,357	-
Supplies	-	-	-	91	-	-	-	76
Other services and charges	342,500	-	-	393,412	256,467	4,977	-	518,280
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	262,988
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	342,500	-	-	480,252	289,967	4,977	174,357	781,344
Excess (deficiency) of receipts over disbursements	(304,027)	-	-	10,246	18,027	6,044	59,177	157,979
Cash and investments - ending	\$ 335,087	\$ 2,833	\$ 2,610	\$ 4,782	\$ 82,189	\$ 90,405	\$ 286,209	\$ 1,308,560

CITY OF BLOOMINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Restricted Donation	Municipal Arts	Arts Commission Operating	Non Reverting Economic Development	Non Reverting Improvement I	Unsafe Housing	CTP Downtown	TIF Downtown
Cash and investments - beginning	\$ 26,947	\$ 66,639	\$ 34,089	\$ 16,600	\$ 260,567	\$ 95,307	\$ 913,882	\$ 5,198,120
Receipts:								
Taxes	-	-	-	-	-	-	-	3,475,875
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	19,848	-	-	-	686,552	-
Charges for services	-	-	-	-	116,527	-	-	-
Fines and forfeits	-	-	-	-	-	30,589	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	35,723	-	1,499	-	1,281	-	4,676	12,897,575
Total receipts	35,723	-	21,347	-	117,808	30,589	691,228	16,373,450
Disbursements:								
Personal services	-	-	-	-	-	17,384	-	-
Supplies	21,199	-	1,329	-	-	-	-	-
Other services and charges	5,196	-	42,630	-	42,462	20,757	-	1,434,638
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	35,000	-	-	9,316,528
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	748,734
Total disbursements	26,395	-	43,959	-	77,462	38,141	-	11,499,900
Excess (deficiency) of receipts over disbursements	9,328	-	(22,612)	-	40,346	(7,552)	691,228	4,873,550
Cash and investments - ending	\$ 36,275	\$ 66,639	\$ 11,477	\$ 16,600	\$ 300,913	\$ 87,755	\$ 1,605,110	\$ 10,071,670

CITY OF BLOOMINGTON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2011
(Continued)

	TIF Tapp	TIF Adams	TIF Prow	TIF Whitehall	TIF Thomson Walnut Winslow	Solid Waste	Petty Cash Accounts - City	Petty Cash Accounts - Utilities
Cash and investments - beginning	\$ 3,009,661	\$ 1,924,744	\$ 528,411	\$ 4,062,498	\$ 1,450,386	\$ 93,970	\$ 14,610	\$ 400
Receipts:								
Taxes	356,432	904,359	121,688	2,381,857	2,255,057	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	13,111	583,262	-	-	-
Charges for services	-	-	-	-	-	907,181	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	14,924	9,738	2,661	20,543	9,272	877,364	-	-
Total receipts	371,356	914,097	124,349	2,415,511	2,847,591	1,784,545	-	-
Disbursements:								
Personal services	-	-	-	-	-	1,252,800	-	-
Supplies	-	-	-	-	-	108,254	-	-
Other services and charges	148,403	21,652	47,704	116,253	1,205,513	504,253	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	322,139	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	1,364,769	-	-	-	-
Total disbursements	148,403	21,652	47,704	1,803,161	1,205,513	1,865,307	-	-
Excess (deficiency) of receipts over disbursements	222,953	892,445	76,645	612,350	1,642,078	(80,762)	-	-
Cash and investments - ending	\$ 3,232,614	\$ 2,817,189	\$ 605,056	\$ 4,674,848	\$ 3,092,464	\$ 13,208	\$ 14,610	\$ 400

CITY OF BLOOMINGTON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2011
(Continued)

	Alternative Transportation	Downtown Cred	BMFC Showers	Police Station Lease	98 Street Bond li	Golf Course Bond	BMFC 1998 Street Lease	Redevelopment District Bond 2000
Cash and investments - beginning	\$ 169,696	\$ 4,866,378	\$ 66,039	\$ 44,267	\$ 20,335	\$ 230,337	\$ 46,777	\$ 317,947
Receipts:								
Taxes	-	-	-	-	500,249	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	593,866	625,000	-	331,432	-	214,000	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	765,181	23,549	941	193	1,361	40,771	925,758	252,147
Total receipts	765,181	617,415	625,941	193	833,042	40,771	1,139,758	252,147
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	59,382	-	-	-	-	-	-	-
Other services and charges	-	137,247	1,250	-	400	400	1,250	500
Debt service - principal and interest	-	-	624,000	-	859,413	270,705	1,151,500	256,200
Capital outlay	238,312	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	297,000	-	-	-	-	-	-	-
Total disbursements	594,694	137,247	625,250	-	859,813	271,105	1,152,750	256,700
Excess (deficiency) of receipts over disbursements	170,487	480,168	691	193	(26,771)	(230,334)	(12,992)	(4,553)
Cash and investments - ending	\$ 340,183	\$ 5,346,546	\$ 66,730	\$ 44,460	\$ (6,436)	\$ 3	\$ 33,785	\$ 313,394

CITY OF BLOOMINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Fire Station #2 Lease	2001 Parks Bond	Parks Land Acquisition	Cumulative Capital Improvement Rate	Fire Capital	Industriail Development	Vehicle Replacement	Risk Management
Cash and investments - beginning	\$ 9,316	\$ 68,516	\$ 855,490	\$ 1,586,387	\$ 129,652	\$ 1,880,890	\$ 910,081	\$ 65,540
Receipts:								
Taxes	-	524,957	-	610,178	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	31,380	-	257,905	-	928,951	-	-
Charges for services	-	-	-	-	-	-	-	717,816
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	189,148	159	141,584	1,580	612	8,904	486,697	1,099
Total receipts	189,148	556,496	141,584	869,663	612	937,855	486,697	718,915
Disbursements:								
Personal services	-	-	-	-	-	-	-	277,262
Supplies	-	-	-	-	-	-	12,500	37,679
Other services and charges	-	400	-	137,146	-	552,965	-	407,892
Debt service - principal and interest	189,000	515,933	-	-	-	-	372,168	-
Capital outlay	-	-	-	577,161	-	-	469,749	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	340,000	-	-	-	-
Total disbursements	189,000	516,333	-	1,054,307	-	552,965	854,417	722,833
Excess (deficiency) of receipts over disbursements	148	40,163	141,584	(184,644)	612	384,890	(367,720)	(3,918)
Cash and investments - ending	\$ 9,464	\$ 108,679	\$ 997,074	\$ 1,401,743	\$ 130,264	\$ 2,265,780	\$ 542,361	\$ 61,622

CITY OF BLOOMINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Fleet Maintenance	Rosehill Trust	Payroll	Utilities Payroll	Health Insurance	Insurance Voluntary Trust	Unemployment Comp	Storm Water Utility - Operating
Cash and investments - beginning	\$ 184,767	\$ 53,311	\$ 425,461	\$ -	\$ 569,313	\$ 67,467	\$ 14,048	\$ 650,868
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	2,225,583	-	-	-	5,588,109	19,815	147,677	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	1,385,315
Penalties	-	-	-	-	-	-	-	-
Other receipts	3,424	241	11,022,273	49,106	3,054,505	667,599	-	483,350
Total receipts	2,229,007	241	11,022,273	49,106	8,642,614	687,414	147,677	1,868,665
Disbursements:								
Personal services	554,756	-	-	-	-	-	-	-
Supplies	1,337,655	-	-	-	-	-	-	-
Other services and charges	110,341	-	10,332,232	49,106	9,165,116	687,228	100,628	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	30,094	-	-	-	-	-	-	64,767
Utility operating expenses	-	-	-	-	-	-	-	550,650
Other disbursements	-	-	-	-	-	-	-	1,387,982
Total disbursements	2,032,846	-	10,332,232	49,106	9,165,116	687,228	100,628	2,003,399
Excess (deficiency) of receipts over disbursements	196,161	241	690,041	-	(522,502)	186	47,049	(134,734)
Cash and investments - ending	\$ 380,928	\$ 53,552	\$ 1,115,502	\$ -	\$ 46,811	\$ 67,653	\$ 61,097	\$ 516,134

CITY OF BLOOMINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Storm Water Utility - Construction	Wastewater Utility - Operating	Wastewater Util - Bond And Interest	Wastewater Utility - Sinking Cash with Fiscal Agent	Wastewater Utility - Construction	Wastewater Utility - Debt Reserve	Wastewater Utility - Debt Reserve with Fiscal Agent	Water O&M
Cash and investments - beginning	\$ 3,684,059	\$ 823,436	\$ 15,484	\$ 3,795,880	\$ 27,089	\$ 831,970	\$ 711,783	\$ 978,381
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	12,685,032	-	-	-	-	-	11,014,538
Penalties	-	86,839	-	-	-	-	-	765,206
Other receipts	15,152	1,582,272	4,891,722	3,853,859	71	3,429	-	2,202,771
Total receipts	15,152	14,354,143	4,891,722	3,853,859	71	3,429	-	13,982,515
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	4,884,171	-	-	-	-	-
Capital outlay	450,515	372,058	-	-	-	-	-	829,897
Utility operating expenses	-	9,385,521	-	-	-	-	-	7,485,767
Other disbursements	300	5,277,673	21,710	3,795,880	27,160	46,000	-	4,622,167
Total disbursements	450,815	15,035,252	4,905,881	3,795,880	27,160	46,000	-	12,937,831
Excess (deficiency) of receipts over disbursements	(435,663)	(681,109)	(14,159)	57,979	(27,089)	(42,571)	-	1,044,684
Cash and investments - ending	\$ 3,248,396	\$ 142,327	\$ 1,325	\$ 3,853,859	\$ -	\$ 789,399	\$ 711,783	\$ 2,023,065

CITY OF BLOOMINGTON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2011
(Continued)

	Water Utility - Bond And Interest	Water Utility - Sinking Cash with Fiscal Agent	Water Utility - Construction	Water Hydrant Deposit	Water Utility - Debt Reserve	Water Utility-Debt Reserve with Fiscal Agent	Totals
Cash and investments - beginning	\$ 8,393	\$ 1,438,385	\$ 690,091	\$ 29,250	\$ 323,289	\$ -	\$ 63,918,191
Receipts:							
Taxes	-	-	-	-	-	-	34,928,916
Licenses and permits	-	-	-	-	-	-	195,708
Intergovernmental	-	-	-	-	-	-	21,977,164
Charges for services	-	-	-	-	-	-	16,765,890
Fines and forfeits	-	-	-	-	-	-	1,121,994
Utility fees	-	-	-	-	-	-	25,084,885
Penalties	-	-	-	-	-	-	852,045
Other receipts	3,188,798	735,492	30,818,718	14,050	4,829,064	4,935,266	93,172,677
Total receipts	3,188,798	735,492	30,818,718	14,050	4,829,064	4,935,266	194,099,279
Disbursements:							
Personal services	-	-	-	-	-	-	36,788,035
Supplies	-	-	-	-	-	-	4,894,456
Other services and charges	-	-	-	-	-	-	37,725,747
Debt service - principal and interest	3,191,857	-	-	-	-	-	13,340,717
Capital outlay	-	-	142,279	-	-	-	13,599,222
Utility operating expenses	-	-	-	-	-	-	17,421,938
Other disbursements	1,380	1,438,385	514,673	17,950	3,961,054	487,106	28,907,235
Total disbursements	3,193,237	1,438,385	656,952	17,950	3,961,054	487,106	152,677,350
Excess (deficiency) of receipts over disbursements	(4,439)	(702,893)	30,161,766	(3,900)	868,010	4,448,160	41,421,929
Cash and investments - ending	\$ 3,954	\$ 735,492	\$ 30,851,857	\$ 25,350	\$ 1,191,299	\$ 4,448,160	\$ 105,340,120

CITY OF BLOOMINGTON
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2011

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
City:		
Capital leases:		
Parks Golf Cart Lease	\$ 25,438	\$ 25,905
7th & Walnut Parking Garage	4,118,240	455,531
Regester Parking Garage	6,324,670	646,975
2010 Vehicle Purchases	567,537	297,623
Fire Station #2 Lease	559,436	189,000
Showers Lease	4,765,094	673,492
Street improvements lease	5,828,569	1,158,500
2010 Copier Lease	78,732	12,510
2011 Copier Lease	19,951	5,292
2007 Police Copiers	225	322
Bonds payable:		
General obligation bonds:		
General Obligation Refunding Bonds, Series 2009	4,035,000	870,503
2000 Redevelopment Bond	915,000	256,200
Revenue bonds:		
Parks District Refunding Revenue Bonds, Series 2009	1,870,000	270,705
Parks District Bonds of 2009 (SportsPlex Project)	6,450,000	262,151
Tax Increment Revenue Bond, Series 2011	13,670,000	1,055,123
Parks District Refunding Bonds, Series 2010	<u>2,545,000</u>	<u>492,733</u>
Total debt	<u>\$ 51,772,893</u>	<u>\$ 6,672,563</u>
Water Utility:		
Loans payable:		
2000 SRF (10,850,000)	\$ 8,877,000	\$ 1,075,503
2003 SRF (4,215,000)	2,803,000	294,833
2003 SRF (7,885,000)	5,968,000	551,024
Revenue bonds:		
2003 Waterworks (10,220,000)	3,860,000	548,444
2006 Waterworks (5,320,000)	4,480,000	411,027
2011 Waterworks (35,955,000)	<u>35,955,000</u>	<u>1,258,994</u>
Total debt	<u>\$ 61,943,000</u>	<u>\$ 4,139,824</u>
Wastewater Utility:		
Capital leases:		
Master Equipment - Vactor	\$ 89,555	\$ 47,750
2004 Energy Savings	554,961	291,138
Loans payable:		
2000 SRF (3,330,000)	2,228,000	261,712
2000 SRF (8,000,000)	5,352,000	628,248
2000 SRF (4,577,000)	2,615,000	302,069
2004 SRF (5,800,000)	4,695,000	401,311
2006 SRF (3,552,000)	3,014,654	243,668
2006 SRF (7,288,000)	6,185,451	499,958
2011 SRF (6,045,000)	6,045,000	284,109
Revenue bonds:		
1999 Sewage Works (8,200,000)	6,230,000	537,751
2003 Sewage Works (19,095,000)	13,375,000	1,300,033
2006 Sewage Works (2,850,000)	1,730,000	414,423
2006 Sewage Works (5,240,000)	<u>5,240,000</u>	<u>249,487</u>
Total debt	<u>\$ 57,354,621</u>	<u>\$ 5,461,655</u>

CITY OF BLOOMINGTON
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
December 31, 2011

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.

	Ending Balance
City:	
Capital assets, not being depreciated:	
Land	\$ 30,234,057
Infrastructure	150,846,348
Buildings	56,147,672
Improvements other than buildings	25,911,496
Machinery and equipment	20,725,771
Construction in progress	<u>308,215</u>
Total City capital assets	<u>284,173,559</u>
Business type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	595,674
Infrastructure	42,363,440
Construction in progress	5,206,030
Buildings	28,274,080
Improvements other than buildings	-
Machinery and equipment	<u>24,748,902</u>
Total Water Utility capital assets	<u>101,188,126</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	1,029,932
Infrastructure	128,111,512
Construction in progress	1,909,891
Buildings	6,783,370
Improvements other than buildings	-
Machinery and equipment	<u>31,036,514</u>
Total Wastewater Utility capital assets	<u>168,871,219</u>
Total business type activities capital assets	<u>\$ 270,059,345</u>

CITY OF BLOOMINGTON
OTHER REPORT

The annual report presented herein was prepared in addition to another official report prepared for the individual County office listed below:

City of Bloomington - Utilities

CITY OF BLOOMINGTON
AUDIT RESULTS AND COMMENTS

NOTIFICATION OF THEFT

An entrance conference with the City of Bloomington and its Utilities was conducted on February 20, 2012. At that time we asked if the unit was aware of any fraudulent activities, and they stated that they were not aware of any. The last day of field work, June 20, 2012, I was notified that a theft had occurred at the Utilities during 2011. The City has an obligation to notify the State Board of Accounts immediately if they become aware of erroneous or irregular variances, losses, shortages, or thefts, per Indiana Code 5-11-1-27. The theft noted is described below:

On August 24, 2011, a utility laborer informed the purchasing manager about concerns he had about missing tools and scrap metal. He stated that there were tools and equipment being purchased and then disappearing. He also stated that scrap copper and scrap meters were missing. He specifically stated that she needed to look into Andrew Bengtson, laborer. The Purchasing Manager did her own investigation and found that there were purchases for faucets, air compressor, oxygen sensor for a van, and a battery for a van purchased with the Utility credit card by the person in question. The faucets were not used for the stated purpose and could not be located. The air compressor could not be located and was later found at Mr. Bengtson's residence. He did bring the air compressor back to work. The oxygen sensor and battery were odd purchases since the City has a fleet department which handles these types of repairs. After further investigation they found that parts purchased were for Mr. Bengtson's type of vehicle, which the City does not own. The total of these purchases minus the air compressor equals \$238.97. Meter Services Supervisor confirmed that scrap metal was missing. The normal procedure is to have JB Salvage come and pick them up; however, about a month before Mr. Bengtson said he would take care of the scrap meters. The Utilities had not received any money and pickup or delivery tickets had not been submitted. Also, the Supervisor asked Mr. Bengtson to remove any copper the TD workers could or would not use and take it to JB Salvage for scrap. A drop off ticket had never been received or any revenue from this scrap. The Utilities contacted JB Salvage and Bloomington Iron and Metal, the two places they use to drop off scrap and requested they review their records to see if they have issued any checks to Mr. Bengtson for scrap metal from June 1 to August 29, 2011. BIM noted they had issued several checks to Mr. Bengtson for various types of scrap metal over the last several months. They ran a report and the total amount paid to him was \$23,650.65 from May 24, 2011 to August 26, 2011. After the utilities received this information they spoke with Michael Horstman, CFO utilities, and he informed Human Resources, Amy Helton. They filed a police report and fired the employee. The total loss from scrap, and various purchases totaled \$23,889.62. They received \$21,389.62 from their bonding company and \$1,000 from the Monroe County Victims Assistance Fund. The remaining loss not reimbursed totals \$1,500.00.

Indiana Code 5-11-1-27 states:

"(a) As used in this section, "local government" means county, city, town, or township.

(b) In the compliance guidelines authorized under section 24 of this chapter, the state board of accounts shall define the acceptable minimum level of:

- (1) internal control standards; and
- (2) internal control procedures;

for internal control systems of local governments. The internal control standards and procedures shall be developed to promote government accountability and transparency.

(c) All erroneous or irregular variances, losses, shortages, or thefts of local government funds or property shall be reported immediately to the state board of accounts. The state board of accounts shall:

CITY OF BLOOMINGTON
AUDIT RESULTS AND COMMENTS
(Continued)

- (1) determine the amount of funds involved and report the amount to the appropriate government and law enforcement officials;
- (2) determine the internal control weakness that contributed to or caused the condition; and
- (3) make written recommendations to the appropriate legislative body or appropriate official overseeing the internal control system addressing:
 - (A) the method of correcting the condition; and
 - (B) the necessary internal control policies and internal control procedures that must be modified to prevent a recurrence of the condition.
- (d) The legislative body or the appropriate official overseeing the internal control system shall immediately implement the policies and procedures recommended by the state board of accounts under subsection (c)(3)(B)."

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were incorrect.

Record balances were not fully reconciled to depository balances during the audit period. Monthly reconcilements performed consisted of verifying source documents (quietuses and checks) to deposits and checks clearing depositories each month, for each of the City's 7 checking accounts and 33 money market checking accounts, and to the transactions and balances recorded in the City's records.

The City prepares a separate bank reconciliation for six of these accounts and then combines them all into one bank reconciliation. Four of these bank accounts reconciled to the record balances of the applicable funds at December 31, 2011. Discrepancies between the reconciled amounts and the transactions and balances of the remaining bank accounts were investigated; however the City could not determine the exact cause of the discrepancies. Undetected posting errors and bank errors could result in materially inaccurate financial statements and could allow fraud to occur and go undetected. The City started a new accounting system during November 2010; however, they did not incorporate the payroll part until January 2011. They believe this could be part of the problem, but are not sure. The City reconciled during the 2010 audit year.

As a result of undetected errors as of December 31, 2011, the City showed \$263,493 more in unidentified cash recorded in its records than that being held in its bank accounts.

Bank reconcilements presented for audit indicated that there is not proper management oversight or approval of the monthly bank reconcilements being performed. Additionally, monthly bank reconcilements are not being presented to the Common Council to allow them to properly monitor and assess the quality of the City's system of internal control.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF BLOOMINGTON
AUDIT RESULTS AND COMMENTS
(Continued)

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)

PENALTIES, INTEREST, AND OTHER CHARGES

A penalty totaling \$1,375.58 was paid to the 7th & Walnut, LLC on February 18, 2011, for the January 2011 late rent payment.

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

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

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

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

ALCOHOL PURCHASES

Alcoholic beverages were purchased from public funds of the Community Services fund 312 in the amount of \$266.36.

Purchases of alcoholic beverages may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OVERDRAWN FUND BALANCES

The General Fund, Parks and Recreation General Fund, CDBG Fund, and the 1998 Street Bond II Fund were overdrawn in 2011.

The fund 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)

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

CITY OF BLOOMINGTON
AUDIT RESULTS AND COMMENTS
(Continued)

Fund	Year	Excess Amount Expended
BMFC Showers	2011	\$ 3,532
Local Road & Street	2011	220,685
BMFC 1998 Street Lease	2011	4,350
Cum Cap Imp (Cig Tax)	2011	6,074

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

APPROVAL OF PAYROLL CLAIMS

In 2011, the minutes did not indicate approval of payroll disbursements by the Board of Public Works. Multiple time records provided for testing did not have approval by department heads or the controller, in addition to the Board.

Indiana Code 5-11-10-2(a) states:

"Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer."

Indiana Code 36-4-8-7 states in part:

". . . (b) Except as provided in section 14 of this chapter, a warrant for payment of a claim against a city may be issued only if the claim is:

- (1) supported by a fully itemized invoice or bill under IC 5-11-10-1.6;
- (2) approved by the officer or person receiving the goods or services;
- (3) filed with the city fiscal officer;
- (4) audited and certified by the fiscal officer before payment that each invoice is true and correct; and
- (5) allowed by the city legislative body or the city board having jurisdiction over allowance of the claim.

(c) The certification by the fiscal officer under subsection (b) (4) must be on a form prescribed by the state board of accounts.

CITY OF BLOOMINGTON
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 36-4-8-14 states

(a) A city legislative body may adopt an ordinance allowing money to be disbursed for lawful city purposes under this section.

(b) Notwithstanding IC 5-11-10, with the prior written approval of the board having jurisdiction over the allowance of claims, the city fiscal officer may make claim payments in advance of board allowance for the following kinds of expenses if the city legislative body has adopted an ordinance under subsection (a):

(c) Each payment of expenses under this section must be supported by a fully itemized invoice or bill and certification by the fiscal officer.

(d) The city legislative body or the city board having jurisdiction over the allowance of the claim shall review and allow the claim at its next regular or special meeting following the preapproved payment of the expense.

OLD OUTSTANDING CHECKS

Our review of the bank reconciliements as of December 31, 2011, revealed checks outstanding in excess of two years.

Indiana Code 5-11-10.5-2 states in part:

"All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

Indiana Code 5-11-10.5-3 states in part:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the board of finance of the political subdivision or the fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

Indiana Code 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

CITY OF BLOOMINGTON
AUDIT RESULTS AND COMMENTS
(Continued)

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

CONTRACTS

During our review of contracts, we noted the Parks and Recreation Department did not properly monitor if payments received complied with the terms of the original contract. Multiple payments were receipted in later than each contract stipulates, and no late fee was assessed as outlined in the contract.

Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

RECEIPT ISSUANCE

In some instances, receipts were not issued or recorded. No receipt was issued in the Parks and Recreation Department for the payment received for two concession contracts.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Bloomington (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2011. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2011. 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 2011-2.

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 THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there is no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2011-2 to be material weaknesses.

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

This report is intended solely for the information and use of the City's management, City 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

June 20, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the City. The schedule and notes are presented as intended by the City.

CITY OF BLOOMINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2011

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	\$ 18,340
Total for cluster			18,340
Pass-Through Indiana State Department of Agriculture Specialty Crop Block Grant Program - Farm Bill	10.170	12-25-B-0846	1,000
Total for federal grantor agency			19,340
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Grant CDBG - Entitlement Grants Cluster Community Development Block Grants/Entitlement Grants	14.218	B-09-MC-180013 B-10-MC-180013 N/A	612,760 1,891 13,084
Total for cluster			627,735
Pass-Through Indiana Office of Community and Rural Affairs CDBG - State-Administered CDBG Cluster Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii Salvation Army Grant	14.228	DR1B-09-006	207,194
Total for cluster			207,194
Direct Grant Housing Counseling Assistance Program Housing Counseling	14.169	HC10-0421-137	34,267
Direct Grant Shelter Plus Care	14.238	IN0048C5H020802 IN0048C5H020803	19,664 22,649
Total for program			42,313
Direct Grant Home Investment Partnerships Program	14.239	M-09MC-18-0200 M-10MC-18-0200 N/A	390,846 13,447 86,206
Total for program			490,499
Total for federal grantor agency			1,402,008
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant JAG Program Cluster ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants To Units of Local Government ARRA - 2009 JAG Grant/Mobile Data Upgrade	16.804	2209-SB-B9-1635	16,687
Total for cluster			16,687
Pass-Through Indiana Department of Criminal Justice Edward Byrne Memorial Formula Grant Program 2010 Justice Assistance Grant Program	16.579	2009-DJ-BX-1003 2010-DJ-BX-0822	27,880 43,446
Total for program			71,326
Pass-Through Indiana State Police ARRA - Recovery Act - Internet Crimes against Children Task Force Program (ICAC)	16.800	2008-MC-CX-K006(200 2008-MC-CX-K006(200 2008-MC-CX-K006(201	9,999 1,026 2,374
Total for program			13,399
Total for federal grantor agency			101,412

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, 2011
(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		
Planning Funds FY 2011		0011801786 (INDOT PO	169,684
Federal Aid Highway Program		DES#0300766 STP-995	13,111
Federal Aid Highway Program		DES#0600496	4,960
Federal Aid Highway Program		EDS #A249-10-32024	178,302
Federal Aid Highway Program		EDS #A249-10-32024	160,843
Federal Aid Highway Program		DES #0900216	27,844
Federal Aid Highway Program		DES #0901730 ST1029	32,743
Federal Aid Highway Program		DES #0800443	58,049
Total for cluster			645,536
Pass-Through Indiana Department of Transportation			
Highway Safety Cluster			
State and Community Highway Safety	20.600		
Big City/Big County Enforcement Program		PT-11-04-04-32	21,533
Total for cluster			21,533
Total for federal grantor agency			667,069
<u>NATIONAL ENDOWMENT FOR THE ARTS</u>			
Pass-Through Indiana Arts Commission			
Promotion of the Arts Partnership Agreements	45.025		
Regional Arts Partner Grant		10-6100-2044	31,344
Total for federal grantor agency			31,344
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Finance Authority			
Capitalization Grants for Clean Water State Revolving Funds	66.458		
2006 Series C SRF		WW0644535	222,462
Pass-Through Indiana Finance Authority			
Capitalization Grants for Drinking Water State Revolving Funds	66.468		
2011 Series A SRF		DW12025304	1,314,070
Total for federal grantor agency			1,536,532
<u>U.S. DEPARTMENT OF ENERGY</u>			
Direct Grant			
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128		
ARRA Energy Efficiency Conservation Block Grant EECBG		DE-SC0001977	209,579
Total for federal grantor agency			209,579
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Pass-Through Monroe County Community School Corporation			
Twenty-First Century Community Learning Centers	84.287		
School Age Care - 21st Century Community Learning Center Grant		NONE	23,797
Total for federal grantor agency			23,797
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		
Disaster Recovery Grant		FEMA 1997 DR IN	6,756
Total for federal grantor agency			6,756
Total federal awards expended			\$ 3,997,837

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 statement. 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, 2011:

Program Title	Federal CFDA Number	2011
Community Development Block Grants/Entitlement Funds	14.218	\$ 465,796
HOME Investment Partnerships Program	14.239	263,523

CITY OF BLOOMINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
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:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	Highway Planning and Construction Cluster
66.468	Capitalization Grants for Drinking Water State Revolving Funds
81.128	Energy Efficiency and Conservation Block Grant Program (EECBG)

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

Auditee qualified as low-risk auditee?	no
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Section II – Financial Statement Findings

FINDING 2011-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS

We noted several deficiencies in the internal control system of the City related to financial transactions and reporting. We believe the following constitute significant deficiencies:

1. Record balances were not fully reconciled to depository balances during the audit period. Monthly reconciliations performed consisted of verifying source documents (quietuses and checks) to deposits and checks clearing depositories each month, for each of the City's 7 checking accounts and 33 money market checking accounts, and to the transactions and balances recorded in the City's records.

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

The City prepares a separate bank reconciliation for six of these accounts and then combines them all into one bank reconciliation. Four of these bank accounts reconciled to the record balances of the applicable funds at December 31, 2011. Discrepancies between the reconciled amounts and the transactions and balances of the remaining bank accounts were investigated, however the City could not determine the exact cause of the discrepancies. Undetected posting errors and bank errors could result in materially inaccurate financial statements and could allow fraud to occur and go undetected. The City started a new accounting system during November 2010; however, they did not incorporate payroll until January 2011. The City reconciled during the 2010 audit year. As a result of undetected errors as of December 31, 2011, the City showed \$263,493 more in unidentified cash recorded in its records than that being held in its bank accounts.

Bank reconciliations presented for audit indicated that there is not proper management oversight or approval of the monthly bank reconciliations being performed. Additionally, monthly bank reconciliations are not being presented to the Common Council to allow them to properly monitor and assess the quality of the City's system of internal control.

2. 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 related areas were still lacking. The payroll staff person issues the payments for employee benefits and related payroll expenses, and the Deputy Controller posts those payments to the various funds. It is difficult to determine with the new system who is approving these payroll posts. Also, we have found that employee's supervisors are not consistently approving an employee's time sheet. There were similar findings in the prior audit reports for 2009 and 2010.

We recommended the City establish and implement effective controls over the bank reconciliation and payroll process.

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 objections, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Section III – Federal Award Findings and Questioned Costs

FINDING 2011-2 - CASH MANAGEMENT

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

Management of the City has not established an effective internal control over cash management. Several cash drawdown requests were processed by management as invoices were received. Management is required to review needs and draw funds as needed in accordance with federal guidelines. Cash

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

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 five drawdown requests reviewed, the funds were on hand between five and seventeen business days prior to payment of the accounts payable vouchers.

OMB Circular A-133, Subpart C, section .300 (b) states:

"The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

10 CFR 600.220 (b)(7) states in part:

"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."

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 the City's management establish controls to monitor the compliance with cash management requirements and to ensure that the time between the receipt and disbursement of federal funds is minimized according to the grant requirements.



City of Bloomington

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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

Status of Finding:

This finding was resolved as of 12/31/2011. 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. The City's Grant Manager has taken on an expanded role in more closely monitoring all aspects of the City's Federal grants.


FINDING 2010-3. CASH MANAGEMENT

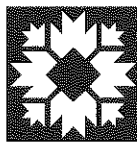
Federal Agency: U.S. Department of Energy
Federal Program: ARRA Energy Efficiency and Conservation Block Grant Program
CFDA Number: 81.128
Federal Award Number: DE-SC0001977

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

Status of Finding:

This finding was resolved as of 12/31/11. City staff members responsible for making draws on this grant have done everything possible to do so within the same week as payments. The final draw was made on 4/2/12.

 4/4/12
Mike Trexler



City of Bloomington

CORRECTIVE ACTION PLAN

Section II – Financial Statement Findings

FINDING 2011-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS

Auditee Contact Person(s):

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

Expected completion date: 12/31/2012

Corrective action:

1. The City is working to reconcile the discrepancy. The City uses a sweep account for its payroll activities that automatically moves money between the main bank account and the sweep account when claims are made. This means the individual transactions and ending balance in the sweep account do not always mirror the information in our financial system. In addition, we implemented new payroll processing software at the beginning of 2011. We believe the error lies in to the payroll fund and the transactions connected to payroll processing in the new financial system. The payroll module in the new system will be receiving upgrades before the end of 2012 that may correct the problem going forward. The City intends to reconcile each month for 2011 and present revised documentation to auditors at the beginning of the 2012 audit.
2. Due to recent staffing changes, the Controller's Office is currently restructuring its processes and will consider changes to add redundancy into payroll processing. For the time being, the Controller or Deputy Controller approve and post all payroll entries into the City's funds. The City is also considering the purchase of new timekeeping software which will track approvals. Until that system is installed, the City will consider scanning timesheets with supervisor signatures into the financial system.

Section III – Federal Award Findings and Questioned Costs

FINDING 2011-2. CASH MANAGEMENT

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)

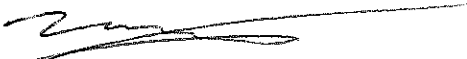
Mike Trexler trexlerm@bloomington.in.gov 812-349-3412
Andrea Roberts rebertsa@bloomington.in.gov 812-349-3594

Expected completion date: 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.

After the issue was identified and the 2010 audit was completed in August of 2011, the City was able to change the timing of its draws to more closely coincide with the payment. Going forward, all federal grants of this nature will be based on reimbursements, making the timing issue raised here moot.



Mike Trexler, City Controller

CITY OF BLOOMINGTON
EXIT CONFERENCE

The contents of this report were discussed on June 6, 2012, with Timothy Mayer, President of the Common Council; Mark Kruzan, Mayor; Maria Heslin, Deputy Mayor; Margie Rice, Corporation Council; Michael Trexler, Controller; Jeff McMillian, Deputy Controller; Patrick Murphy, Utilities Director; and Michael Horstman, Utilities Finance Director. The Official Response has been made a part of this report and may be found on pages 52 through 55.



City of Bloomington

Response to the 2011 City of Bloomington Audit Report

NOTIFICATION OF THEFT

The Utilities Department acted swiftly upon discovery of theft by a Utilities Department employee. Utilities Department staff immediately contacted the Legal Department and thoroughly investigated and documented the items stolen and their values. Utilities staff also contacted the Bloomington Police Department to conduct a separate investigation and interview the employee in question. The Utilities Department worked with Human Resources in order to terminate the employee promptly.

City of Bloomington Legal Department staff promptly reported the theft to the City's insurance company in order to recoup the majority of lost funds and then requested restitution in the amount of \$1,000 through the Monroe County Prosecutor's Office, who charged the former employee with theft. A Court order was obtained for repayment to the City of \$1,000.

Restitution should have been requested in the amount of \$2,500, which represents the full deductible paid to the City's insurance company. The City Legal Department was unaware of the newly added section added to IC 5-11-1 et. seq. on 7.1.11, requiring notification to the State Board of Accounts and, as a result, did not advise Utilities Department staff to immediately report the theft to the State Board of Accounts in 2011.

City staff is now aware of the requirements of IC 5-11-1-27 and will report future erroneous or irregular variances, losses, shortages or thefts of government funds or property immediately to the State Board of Accounts. City staff will follow any written recommendations made by the State Board of Accounts regarding internal controls and provided to City staff. City staff will pursue a civil action to recoup the remaining \$1,500 or will work with the State Board of Accounts to recover the funds, upon receiving direction from the State Board of Accounts regarding which avenue should be pursued.

BANK ACCOUNT RECONCILIATION

The City is working to reconcile the discrepancy. We believe the error lies in to the payroll fund and the transactions connected to payroll processing in the new financial system. The City uses a sweep account for its payroll activities that automatically moves money between the main bank account and the sweep account when claims are made. This means the individual transactions and ending balances in the sweep account do not always mirror the information in our financial system, making this account difficult to reconcile. As noted in the comment, we also implemented new payroll processing software at the beginning of 2011. The payroll module in

the new system will be receiving upgrades before the end of 2012 that may correct the problem going forward. The City is working with the financial system's vendor and other organizations using the software to reconcile each month for 2011. We intend to present revised documentation to auditors at the beginning of the 2012 audit, showing the reconciled balances.

PENALTIES, INTERST AND OTHER CHARGES

The Claim was processed on 12.27.10; the check number was 45618. The checks were held in the Controller's Office until 12.31.10, per State Code. On 12.31.10 the check was delivered to Parking Enforcement. Two of the three front line clerks were out due to the holiday, one of which was the Account Clerk. The check was placed in the safe until 1.3.11 when the Account Clerk returned to work. The check was mailed on 1.3.11 and cleared the bank on 1.11.11.

In order to avoid a similar situation in the future, Parking Enforcement has begun cross-training its office staff to prevent delays in any office procedures. In cases where the accounts payable process does not allow for sufficient time to mail checks, staff will hand deliver payments.

ALCOHOL PURCHASES

The City of Bloomington did not intentionally violate the State Board of Accounts' Chapter 7 provision of the Accounting and Uniform Compliance Guidelines Manual for Cities and Towns ("Manual") Chapter 7 provision, which states that "*Purchases of alcoholic beverages may be the personal obligation of the responsible official or employee.*" Because the violation was unintentional and has not occurred before, the City respectfully requests that the Comment be removed and the issue be reduced to a point of discussion.

The Manual provision cited does not explicitly state that public funds may not be used to purchase alcohol, no related Indiana Code provision exists or was cited, and the City was previously unaware that the State Board of Accounts interpreted the provision to imply that public funds shall not be used. Other provisions within the Manual explicitly state when public funds may not be used for certain expenses, for example:

Advance Payments – 57-23

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (emphasis added)

Personal Expenses – Page 55-3

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental unit may be the personal obligation of the responsible official or employee. (emphasis added)

The City is now aware that the State Board of Accounts has similarly addressed this issue in five audits with other entities including those in Martin County, Knox County, Lake County, Dearborn County, and Marion County between 2008 and 2011. The City is also now aware that in a 2004 Cities and Towns Bulletin Question and Answer session the question was asked and answered as follows:

“Question No. 2: We were told at a recent exit conference that we were not allowed to use government funds for the purchase of alcohol. Our attorney can find no prohibition against this in the Indiana Code. Where does it say we cannot do this?”

Answer: In the “Accounting and Uniform Compliance Guidelines for Cities and Town” on page 51-3 it states that alcoholic beverages may be the personal obligation of the responsible official or employee.”

As a result of the information now known to the City, the City will ensure that no public funds are used in the future for the purchase of alcohol. Again, the City respectfully requests that the State Board of Accounts recognize the inadvertent and unintentional nature of this first-time violation of the cited provision and, as result, remove the comment and reduce the issue to a point of discussion for the 2011 audit.

OVERDRAWN FUND BALANCES

Each of these funds was overdrawn as of 12.31.11 due to a combination of the timing of reimbursements, revenue shortfalls and late payments made to the City. The City actively monitors its fund balances and strives to maintain reserve balances in each of its operating funds, in part, to avoid situations like this. The City will work with State Board of Accounts auditors to identify strategies to ensure these timing issues do not cross yearend.

APPROPRATIONS

Appropriations in excess of the amounts listed were approved by the City’s fiscal body during its 2011 annual budget process but were later reduced by the Department of Local Government Finance (DLGF). The City Controller did not make budget adjustments in the City’s financial system or notify the affected departments in time for the City Council to approve additional appropriation. Going forward, the Controller will promptly review the “1782 Notice” upon receipt and work with the DLGF to ensure that the DLGF-approved budget amounts match those approved by our local fiscal body, and to request additional appropriations or make adjustments to the City’s budgets when necessary.

APPROVAL OF PAYROLL CLAIMS

The City is considering the purchase of new timekeeping software that will track approvals more transparently. Until that system is installed, the City will consider requiring timesheets with

supervisor signatures be scanned into the financial system. The City also will review the materials supplied to its boards to ensure they include payroll disbursements, and the minutes taken at each meeting to ensure they note approval of those disbursements.

OLD OUTSTANDING CHECKS

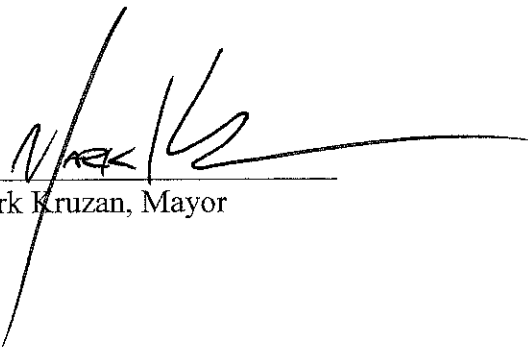
The City is currently working to resolve difference between the State Board of Accounts' and the State Attorney General's interpretation of "Indiana Unclaimed" statutes. Once this is resolved, the City will draft a policy for handling old outstanding checks to present to SBoA auditors for review.


CONTRACTS

Parks has three contracts that stipulate a payment due date and a late fee if not paid on time. Of these three contracts, two of them are with volunteer, organized, youth sport leagues that lease space from the Department for concession operations. The due dates on the lease payments in the contract will be changed to a date more convenient for the youth leagues. If the payment is not received on time, the late fee will be charged without exception. A staff person, who works with these user groups, will be put in charge of managing the terms of the agreement. In addition, the Department's Office Manager will place a reminder on her calendar to follow up with the designated staff person to make sure the payment is collected in a timely fashion.

RECEIPT ISSUANCE

This issue is related to the same concession contracts as stated above. The Division Director of Sports will manage this with his designee. A Point of Sale (POS) system receipt will be issued. Staff now has access to POS systems at the affected facilities. In addition, the Department's Office Manager will place a reminder on her calendar to follow up with the designated staff person to make sure the payment is collected and receipted in a timely fashion.



Mark Kruzan, Mayor

Mike Trexler, City Controller