

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, 2013 to December 31, 2013



FILED
09/30/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Michael Trexler Susan West Donna Slater (Interim)	01-01-13 to 01-01-13 01-02-13 to 06-13-14 06-14-14 to 08-15-14
Mayor	Mark Kruzan	01-01-12 to 12-31-15
President of the Board of Public Works	Charlotte Zietlow	01-01-13 to 12-31-14
President of the Common Council	Darryl Neher	01-01-13 to 12-31-14
Utilities Director	Patrick Murphy	01-01-13 to 12-31-14



STATE OF INDIANA

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Bloomington (City), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2013.

Opinion on Regulatory Basis of Accounting

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, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated July 30, 2014, 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* in considering the City's internal control over financial reporting and compliance.


Accompanying Information

Supplementary Information

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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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 Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, 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.


Paul D. Joyce, CPA
State Examiner

July 30, 2014



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INDEPENDENT AUDITOR'S 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, 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, the financial statement of the City of Bloomington (City), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement, and have issued our report thereon dated July 30, 2014, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001 to be material weaknesses.

INDEPENDENT AUDITOR'S 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001.

City of Bloomington's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

July 30, 2014

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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, 2013

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
General	\$ 4,591,554	\$ 34,845,063	\$ 33,781,429	\$ 5,655,188
Motor Vehicle Highway	1,262,781	3,534,065	3,575,311	1,221,535
Local Road And Street	(197,524)	936,890	649,340	90,026
Parking Enforcement	462,293	3,528,339	2,857,468	1,133,164
Crime Control	49,588	194,230	57,642	186,176
Enhanced Access	4,431	165	-	4,596
Electronic Map Generation	8,076	889	-	8,965
Parks & Rec General	(226,362)	6,167,426	5,884,707	56,357
Rainy Day	4,604,420	14,137	-	4,618,557
Cumulative Improvement (Cig)	49,475	215,847	182,000	83,322
Cumulative Cap Develop	(17,702)	2,723,406	1,430,383	1,275,321
RDC	48,219	36,164	1,555	82,828
Police Pension	484,261	2,031,747	1,293,708	1,222,300
Fire Pension	547,562	2,738,402	1,864,439	1,421,525
Debt Service Reserve For 440 TIF	1,062,729	3,437	-	1,066,166
Rental Inspection Program	2,190	167,457	125,815	43,832
PERF Pension Relief Police	738,535	434	738,969	-
PERF Pension Relief Fire	959,290	563	959,853	-
2011 Downtown Redevelop Bond	50	1,055,808	1,054,799	1,059
Surplus CTP Bond	-	2,684,414	-	2,684,414
Bloomington Technology Park	52,523	166	-	52,689
B-Line Ph2 DNR -Grant	67	-	-	67
Community Services	42,148	56,659	57,871	40,936
CDBG Escrow	11	35,000	35,000	11
Police Education	160,005	38,381	34,552	163,834
CDBG	(18,469)	835,938	857,338	(39,869)
Parks Non Reverting Operating	1,807,017	2,201,486	2,051,141	1,957,362
Bloomington Invest Incent	379,592	103,429	-	483,021
Affordable Housing	2,833	-	-	2,833
Rental Rehab	2,610	-	-	2,610
HOME	(35,308)	1,095,868	1,059,564	996
HAND Special Grants	60,775	1,403,659	1,558,696	(94,262)
Dispatch Training	97,795	4,950	6,141	96,604
Wireless Emergency	267,198	-	267,198	-
Non Reverting Telecom	1,565,952	956,296	843,858	1,678,390
Restricted Donation	27,939	44,096	43,201	28,834
Municipal Arts	90,839	-	2,908	87,931
Arts Commission Operating	10,275	8,937	5,906	13,306
Non Reverting Econ Develop	16,600	-	-	16,600
Non Reverting Improve	280,963	24,057	45,014	260,006
Unsafe Housing	86,146	15,455	18,011	83,590
CTP Downtown	2,481,615	1,001,617	38,500	3,444,732
TIF Downtown	6,062,688	3,465,565	6,826,335	2,701,918
TIF Tapp	1,929,860	347,912	1,327,417	950,355

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

CITY OF BLOOMINGTON
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2013
(Continued)

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
TIF Adams	2,811,582	852,099	284,378	3,379,303
TIF Prow	645,869	124,770	144,204	626,435
TIF Whitehall	2,544,761	3,503,451	1,969,216	4,078,996
TIF Thomson Walnut Winslow	2,793,933	2,424,454	3,289,948	1,928,439
Solid Waste	195,203	2,012,630	2,012,630	195,203
Petty Cash Accounts- City	14,015	2,760	1,070	15,705
Petty Cash Accounts-Utilities	400	-	-	400
Alternative Transportation	66,497	350,117	254,627	161,987
Downtown CRED	5,330,602	769,073	61,333	6,038,342
BMFC Showers	47,431	615,190	633,750	28,871
Police Station Lease	44,580	137	-	44,717
98 Street Bond	(26,886)	936,903	885,793	24,224
Golf Course Bond	3,969	271,387	268,505	6,851
BMFC 1998 Street Lease	44	1,168,974	1,167,000	2,018
Redevelopment Dis Bond 2000	311,243	256,829	253,960	314,112
Fire Station #2 Lease	11,356	192,992	189,000	15,348
2001 Parks Bond	66,166	438,921	488,733	16,354
Parks Land Acquisition	992,418	3,115	994,000	1,533
Cumulative Cap Improve Rate	590,527	265,189	855,716	-
Fire Capital	8,867	41	-	8,908
Industrial Development	2,272,581	2,008,878	1,627,910	2,653,549
Vehicle Replacement	351,565	279,451	435,076	195,940
Risk Management	156,527	529,136	661,951	23,712
Fleet Maintenance	724,409	2,194,402	1,960,528	958,283
Rosehill Trust	53,702	168	-	53,870
Payroll	45,783	6,846,906	6,892,689	-
Health Insurance	426,652	9,407,890	9,458,383	376,159
Insurance Voluntary Trust	155,622	915,185	935,736	135,071
Unemployment Comp	39,303	20,670	12,893	47,080
Storm Water Utility-Operating	453,890	1,613,654	1,407,636	659,908
Storm Water Utility-Construction	98,497	43,575	142,072	-
PAYROLL	-	63,355	63,355	-
Wastewater Utility-Operating	1,101,563	21,864,485	19,715,961	3,250,087
Wastewater Util-Bond And Interest	56,367	7,374,247	7,388,158	42,456
Wastewater Utility-Construction	3,173,751	50,323	227,629	2,996,445
Wastewater Utility-Debt Reserve	6,456,060	429,396	160,929	6,724,527
Water O&M	677,035	20,374,627	17,227,375	3,824,287
Water Utility-Bond And Interest	4,543	6,250,450	6,250,507	4,486
Water Utility-Construction	11,167,869	1,250,337	11,819,596	598,610
Water Hydrant Deposit	31,350	22,100	18,300	35,150
Water Utility-Debt Reserve	5,641,713	248,639	246,737	5,643,615
Totals	<u>\$ 79,346,899</u>	<u>\$ 168,495,260</u>	<u>\$ 169,943,353</u>	<u>\$ 77,898,806</u>

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.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 include 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 include 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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

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 Indiana Public Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Retirement System
1 North Capitol Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

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 INPRS.

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 Indiana Public Retirement System 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 Indiana Public Retirement System 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 Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Retirement System
1 North Capitol Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursement for expenditures made by the City was not received by December 31, 2013.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's 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, 2013

	General	Motor Vehicle Highway	Local Road And Street	Parking Enforcement	Crime Control	Enhanced Access	Electronic Map Generation
Cash and investments - beginning	\$ 4,591,554	\$ 1,262,781	\$ (197,524)	\$ 462,293	\$ 49,588	\$ 4,431	\$ 8,076
Receipts:							
Taxes	19,519,835	2,342,327	561,459	-	-	-	-
Licenses and permits	209,395	-	-	-	-	-	-
Intergovernmental	11,386,195	1,152,872	-	-	-	-	-
Charges for services	2,952,115	-	-	1,896,542	-	165	889
Fines and forfeits	235,472	-	-	905,228	165,962	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	542,051	38,866	375,431	726,569	28,268	-	-
Total receipts	34,845,063	3,534,065	936,890	3,528,339	194,230	165	889
Disbursements:							
Personal services	28,222,314	2,250,436	-	901,369	-	-	-
Supplies	1,018,906	709,970	154,100	20,234	-	-	-
Other services and charges	3,178,325	614,905	495,240	1,006,503	57,642	-	-
Debt service - principal and interest	-	-	-	704,362	-	-	-
Capital outlay	16,706	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1,345,178	-	-	225,000	-	-	-
Total disbursements	33,781,429	3,575,311	649,340	2,857,468	57,642	-	-
Excess (deficiency) of receipts over disbursements	1,063,634	(41,246)	287,550	670,871	136,588	165	889
Cash and investments - ending	\$ 5,655,188	\$ 1,221,535	\$ 90,026	\$ 1,133,164	\$ 186,176	\$ 4,596	\$ 8,965

CITY OF BLOOMINGTON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2013
(Continued)

	Parks & Rec General	Rainy Day	Cumulative Improvement (Cig)	Cumulative Cap Develop	RDC	Police Pension	Fire Pension
Cash and investments - beginning	\$ (226,362)	\$ 4,604,420	\$ 49,475	\$ (17,702)	\$ 48,219	\$ 484,261	\$ 547,562
Receipts:							
Taxes	4,728,296	-	-	1,597,713	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	437,072	-	215,847	130,857	-	1,288,921	1,777,853
Charges for services	988,652	-	-	-	36,164	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	13,406	14,137	-	994,836	-	742,826	960,549
Total receipts	6,167,426	14,137	215,847	2,723,406	36,164	2,031,747	2,738,402
Disbursements:							
Personal services	4,041,972	-	-	-	-	3,600	3,600
Supplies	484,422	-	182,000	-	-	-	140
Other services and charges	993,893	-	-	349,424	1,555	1,290,108	1,860,699
Debt service - principal and interest	74,811	-	-	-	-	-	-
Capital outlay	18,279	-	-	571,243	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	271,330	-	-	509,716	-	-	-
Total disbursements	5,884,707	-	182,000	1,430,383	1,555	1,293,708	1,864,439
Excess (deficiency) of receipts over disbursements	282,719	14,137	33,847	1,293,023	34,609	738,039	873,963
Cash and investments - ending	\$ 56,357	\$ 4,618,557	\$ 83,322	\$ 1,275,321	\$ 82,828	\$ 1,222,300	\$ 1,421,525

CITY OF BLOOMINGTON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2013
(Continued)

	Debt Service Reserve For 440 TIF	Rental Inspection Program	PERF Pension Relief Police	PERF Pension Relief Fire	2011 Downtown Redevelop Bond	Surplus CTP Bond	Bloomington Technology Park
Cash and investments - beginning	\$ 1,062,729	\$ 2,190	\$ 738,535	\$ 959,290	\$ 50	\$ -	\$ 52,523
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	156,775	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	10,682	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	3,437	-	434	563	1,055,808	2,684,414	166
Total receipts	3,437	167,457	434	563	1,055,808	2,684,414	166
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	125,815	-	-	450	-	-
Debt service - principal and interest	-	-	-	-	1,054,349	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	738,969	959,853	-	-	-
Total disbursements	-	125,815	738,969	959,853	1,054,799	-	-
Excess (deficiency) of receipts over disbursements	3,437	41,642	(738,535)	(959,290)	1,009	2,684,414	166
Cash and investments - ending	\$ 1,066,166	\$ 43,832	\$ -	\$ -	\$ 1,059	\$ 2,684,414	\$ 52,689

CITY OF BLOOMINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	B-Line Ph2 DNR -Grant	Community Services	CDBG Escrow	Police Education	CDBG	Parks Non Reverting Operating	Bloomington Invest Incent
Cash and investments - beginning	\$ 67	\$ 42,148	\$ 11	\$ 160,005	\$ (18,469)	\$ 1,807,017	\$ 379,592
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	762,019	175,762	-
Charges for services	-	-	-	34,665	-	1,991,537	-
Fines and forfeits	-	-	-	3,635	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	56,659	35,000	81	73,919	34,187	103,429
Total receipts	-	56,659	35,000	38,381	835,938	2,201,486	103,429
Disbursements:							
Personal services	-	-	-	-	133,010	553,386	-
Supplies	-	11,882	-	-	586	371,442	-
Other services and charges	-	45,989	35,000	34,552	723,742	626,758	-
Debt service - principal and interest	-	-	-	-	-	499,035	-
Capital outlay	-	-	-	-	-	520	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	57,871	35,000	34,552	857,338	2,051,141	-
Excess (deficiency) of receipts over disbursements	-	(1,212)	-	3,829	(21,400)	150,345	103,429
Cash and investments - ending	\$ 67	\$ 40,936	\$ 11	\$ 163,834	\$ (39,869)	\$ 1,957,362	\$ 483,021

CITY OF BLOOMINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Affordable Housing	Rental Rehab	HOME	HAND Special Grants	Dispatch Training	Wireless Emergency	Non Reverting Telecom
Cash and investments - beginning	\$ 2,833	\$ 2,610	\$ (35,308)	\$ 60,775	\$ 97,795	\$ 267,198	\$ 1,565,952
Receipts:							
Taxes	-	-	1,024,850	1,347,844	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	1,750	-	-	943,907
Fines and forfeits	-	-	-	-	4,950	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	71,018	54,065	-	-	12,389
Total receipts	-	-	1,095,868	1,403,659	4,950	-	956,296
Disbursements:							
Personal services	-	-	51,908	37,958	-	267,198	-
Supplies	-	-	-	-	-	-	7,918
Other services and charges	-	-	1,007,656	1,520,738	6,141	-	568,082
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	267,858
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	1,059,564	1,558,696	6,141	267,198	843,858
Excess (deficiency) of receipts over disbursements	-	-	36,304	(155,037)	(1,191)	(267,198)	112,438
Cash and investments - ending	\$ 2,833	\$ 2,610	\$ 996	\$ (94,262)	\$ 96,604	\$ -	\$ 1,678,390

CITY OF BLOOMINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Restricted Donation	Municipal Arts	Arts Commission Operating	Non Reverting Econ Develop	Non Reverting Improve	Unsafe Housing	CTP Downtown
Cash and investments - beginning	\$ 27,939	\$ 90,839	\$ 10,275	\$ 16,600	\$ 280,963	\$ 86,146	\$ 2,481,615
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	8,737	-	-	-	990,706
Charges for services	-	-	-	-	23,120	-	-
Fines and forfeits	-	-	-	-	-	15,455	-
Utility fees	-	-	-	-	-	-	-
Other receipts	44,096	-	200	-	937	-	10,911
Total receipts	44,096	-	8,937	-	24,057	15,455	1,001,617
Disbursements:							
Personal services	-	-	-	-	-	16,766	-
Supplies	40,102	-	883	-	-	-	-
Other services and charges	3,099	2,908	5,023	-	45,014	1,245	38,500
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	43,201	2,908	5,906	-	45,014	18,011	38,500
Excess (deficiency) of receipts over disbursements	895	(2,908)	3,031	-	(20,957)	(2,556)	963,117
Cash and investments - ending	\$ 28,834	\$ 87,931	\$ 13,306	\$ 16,600	\$ 260,006	\$ 83,590	\$ 3,444,732

CITY OF BLOOMINGTON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2013
(Continued)

	TIF Downtown	TIF Tapp	TIF Adams	TIF Prow	TIF Whitehall	TIF Thomson Walnut Winslow	Solid Waste
Cash and investments - beginning	\$ 6,062,688	\$ 1,929,860	\$ 2,811,582	\$ 645,869	\$ 2,544,761	\$ 2,793,933	\$ 195,203
Receipts:							
Taxes	3,432,294	343,292	841,984	122,539	2,402,518	1,576,829	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	138,180	-
Charges for services	-	-	-	-	-	-	907,358
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	33,271	4,620	10,115	2,231	1,100,933	709,445	1,105,272
Total receipts	<u>3,465,565</u>	<u>347,912</u>	<u>852,099</u>	<u>124,770</u>	<u>3,503,451</u>	<u>2,424,454</u>	<u>2,012,630</u>
Disbursements:							
Personal services	-	-	-	-	-	-	1,411,703
Supplies	-	-	-	-	-	-	113,972
Other services and charges	2,381,961	1,327,417	284,378	144,204	352,357	2,196,287	486,955
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	4,444,374	-	-	-	1,616,859	1,093,661	-
Total disbursements	<u>6,826,335</u>	<u>1,327,417</u>	<u>284,378</u>	<u>144,204</u>	<u>1,969,216</u>	<u>3,289,948</u>	<u>2,012,630</u>
Excess (deficiency) of receipts over disbursements	<u>(3,360,770)</u>	<u>(979,505)</u>	<u>567,721</u>	<u>(19,434)</u>	<u>1,534,235</u>	<u>(865,494)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 2,701,918</u>	<u>\$ 950,355</u>	<u>\$ 3,379,303</u>	<u>\$ 626,435</u>	<u>\$ 4,078,996</u>	<u>\$ 1,928,439</u>	<u>\$ 195,203</u>

CITY OF BLOOMINGTON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2013
(Continued)

	Petty Cash Accounts- City	Petty Cash Accounts-Utilities	Alternative Transportation	Downtown CRED	BMFC Showers	Police Station Lease	98 Street Bond
Cash and investments - beginning	\$ 14,015	\$ 400	\$ 66,497	\$ 5,330,602	\$ 47,431	\$ 44,580	\$ (26,886)
Receipts:							
Taxes	-	-	-	-	-	-	858,356
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	750,000	615,090	-	78,448
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	2,760	-	350,117	19,073	100	137	99
Total receipts	2,760	-	350,117	769,073	615,190	137	936,903
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	77,871	-	-	-	-
Other services and charges	-	-	-	61,333	1,250	-	400
Debt service - principal and interest	-	-	-	-	632,500	-	885,393
Capital outlay	-	-	176,756	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1,070	-	-	-	-	-	-
Total disbursements	1,070	-	254,627	61,333	633,750	-	885,793
Excess (deficiency) of receipts over disbursements	1,690	-	95,490	707,740	(18,560)	137	51,110
Cash and investments - ending	\$ 15,705	\$ 400	\$ 161,987	\$ 6,038,342	\$ 28,871	\$ 44,717	\$ 24,224

CITY OF BLOOMINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Golf Course Bond	BMFC 1998 Street Lease	Redevelopment Dis Bond 2000	Fire Station #2 Lease	2001 Parks Bond	Parks Land Acquisition
Cash and investments - beginning	\$ 3,969	\$ 44	\$ 311,243	\$ 11,356	\$ 66,166	\$ 992,418
Receipts:						
Taxes	-	-	-	-	401,383	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	37,532	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	271,387	1,168,974	256,829	192,992	6	3,115
Total receipts	271,387	1,168,974	256,829	192,992	438,921	3,115
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	400	-	500	-	400	-
Debt service - principal and interest	268,105	1,167,000	253,460	189,000	488,333	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	994,000
Total disbursements	268,505	1,167,000	253,960	189,000	488,733	994,000
Excess (deficiency) of receipts over disbursements	2,882	1,974	2,869	3,992	(49,812)	(990,885)
Cash and investments - ending	\$ 6,851	\$ 2,018	\$ 314,112	\$ 15,348	\$ 16,354	\$ 1,533

CITY OF BLOOMINGTON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2013
(Continued)

	Cumulative Cap Improve Rate	Fire Capital	Industrial Development	Vehicle Replacement	Risk Management	Fleet Maintenance
Cash and investments - beginning	\$ 590,527	\$ 8,867	\$ 2,272,581	\$ 351,565	\$ 156,527	\$ 724,409
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	255,448	-	2,000,000	-	-	-
Charges for services	-	-	-	-	-	2,188,575
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	9,741	41	8,878	279,451	529,136	5,827
Total receipts	265,189	41	2,008,878	279,451	529,136	2,194,402
Disbursements:						
Personal services	-	-	-	-	262,758	600,044
Supplies	-	-	-	-	25,674	1,232,621
Other services and charges	107,245	-	1,627,910	-	373,519	102,649
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	748,471	-	-	435,076	-	25,214
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	855,716	-	1,627,910	435,076	661,951	1,960,528
Excess (deficiency) of receipts over disbursements	(590,527)	41	380,968	(155,625)	(132,815)	233,874
Cash and investments - ending	\$ -	\$ 8,908	\$ 2,653,549	\$ 195,940	\$ 23,712	\$ 958,283

CITY OF BLOOMINGTON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2013
(Continued)

	Rosehill Trust	Payroll	Health Insurance	Insurance Voluntary Trust	Unemployment Comp	Storm Water Utility- Operating
Cash and investments - beginning	\$ 53,702	\$ 45,783	\$ 426,652	\$ 155,622	\$ 39,303	\$ 453,890
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	7,681,641	-	20,670	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	1,470,673
Other receipts	168	6,846,906	1,726,249	915,185	-	142,981
Total receipts	168	6,846,906	9,407,890	915,185	20,670	1,613,654
Disbursements:						
Personal services	-	-	-	-	-	273,684
Supplies	-	-	-	-	-	-
Other services and charges	-	-	9,458,383	935,736	12,893	21,486
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	41,539
Utility operating expenses	-	-	-	-	-	249,845
Other disbursements	-	6,892,689	-	-	-	821,082
Total disbursements	-	6,892,689	9,458,383	935,736	12,893	1,407,636
Excess (deficiency) of receipts over disbursements	168	(45,783)	(50,493)	(20,551)	7,777	206,018
Cash and investments - ending	\$ 53,870	\$ -	\$ 376,159	\$ 135,071	\$ 47,080	\$ 659,908

CITY OF BLOOMINGTON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2013
(Continued)

	Storm Water Utility- Construction	PAYROLL	Wastewater Utility- Operating	Wastewater Util-Bond And Interest	Wastewater Utility- Construction	Wastewater Utility-Debt Reserve
Cash and investments - beginning	\$ 98,497	\$ -	\$ 1,101,563	\$ 56,367	\$ 3,173,751	\$ 6,456,060
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	19,543,069	-	-	-
Other receipts	43,575	63,355	2,321,416	7,374,247	50,323	429,396
Total receipts	43,575	63,355	21,864,485	7,374,247	50,323	429,396
Disbursements:						
Personal services	-	-	4,800,574	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	128,004	-	-	-
Debt service - principal and interest	-	-	338,904	6,260,834	-	-
Capital outlay	97,269	-	430,440	-	148,516	-
Utility operating expenses	-	-	5,670,259	-	-	-
Other disbursements	44,803	63,355	8,347,780	1,127,324	79,113	160,929
Total disbursements	142,072	63,355	19,715,961	7,388,158	227,629	160,929
Excess (deficiency) of receipts over disbursements	(98,497)	-	2,148,524	(13,911)	(177,306)	268,467
Cash and investments - ending	\$ -	\$ -	\$ 3,250,087	\$ 42,456	\$ 2,996,445	\$ 6,724,527

CITY OF BLOOMINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Water O&M	Water Utility-Bond And Interest	Water Utility- Construction	Water Hydrant Deposit	Water Utility-Debt Reserve	Totals
Cash and investments - beginning	\$ 677,035	\$ 4,543	\$ 11,167,869	\$ 31,350	\$ 5,641,713	\$ 79,346,899
Receipts:						
Taxes	-	-	-	-	-	41,101,519
Licenses and permits	-	-	-	-	-	366,170
Intergovernmental	-	-	-	-	-	22,201,539
Charges for services	-	-	-	-	-	19,678,432
Fines and forfeits	-	-	-	-	-	1,330,702
Utility fees	14,996,317	-	-	-	-	36,010,059
Other receipts	5,378,310	6,250,450	1,250,337	22,100	248,639	47,806,839
Total receipts	20,374,627	6,250,450	1,250,337	22,100	248,639	168,495,260
Disbursements:						
Personal services	2,752,536	-	-	-	-	46,584,816
Supplies	-	-	-	-	-	4,452,723
Other services and charges	100,564	-	-	-	-	34,745,237
Debt service - principal and interest	-	5,353,017	-	-	-	18,169,103
Capital outlay	1,371,492	-	10,677,062	-	-	15,026,441
Utility operating expenses	4,946,379	-	-	-	-	10,866,483
Other disbursements	8,056,404	897,490	1,142,534	18,300	246,737	40,098,550
Total disbursements	17,227,375	6,250,507	11,819,596	18,300	246,737	169,943,353
Excess (deficiency) of receipts over disbursements	3,147,252	(57)	(10,569,259)	3,800	1,902	(1,448,093)
Cash and investments - ending	\$ 3,824,287	\$ 4,486	\$ 598,610	\$ 35,150	\$ 5,643,615	\$ 77,898,806

CITY OF BLOOMINGTON
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2013

Government or Enterprise	Accounts Payable	Accounts Receivable
Storm Water	\$ 13,357	\$ 53,639
Wastewater	344,950	805,804
Water	48,104	682,978
Governmental activities	<u>297,728</u>	<u>1,567,608</u>
Totals	<u>\$ 704,139</u>	<u>\$ 3,110,029</u>

CITY OF BLOOMINGTON
SCHEDULE OF LEASES AND DEBT
December 31, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Bank of New York	508 BMFC Showers Lease	\$ 634,000	8/1/2009	2/1/2021
Bank of New York	513 BMFC Street Lease	1,179,500	8/1/2009	2/1/2017
First Financial Equipment Finance LLC	Parking Meters F455	481,300	7/22/2013	7/22/2017
GE Capital 1025787-1013314A4	2011 Color Copier F601	5,292	4/28/2011	3/28/2016
GE Capital 1025787-1019797A1	2010 Police Copiers (4) F101-14	4,080	12/14/2010	12/13/2015
GE Capital 1025787-1019797ML	2010 Copier (8) F601	25,020	6/29/2010	6/1/2015
Mercury LLC	7th & Morton F452	436,114	1/1/2004	11/1/2033
Old National Bank	515 BMFC Fire Station #2 Lease	189,000	2/15/2001	2/15/2015
Sun Trust Equipment	2010 Master Equipment F610 & F200	203,364	4/20/2011	2/15/2016
Walnut LLC	7th & Walnut F452	233,812	3/1/2010	2/1/2031
Total governmental activities		<u>3,391,482</u>		
Wastewater:				
Suntrust Equipment Leasing and Finance	2013 Vehicle Capital Lease	135,863	6/1/2013	7/15/2018
US BANCORP	Admin color copier	2,567	1/4/2012	1/4/2015
Total Wastewater		<u>138,430</u>		
Water:				
Suntrust Equipment Leasing and Finance	2013 Vehicle Capital Lease	82,067	6/1/2013	7/15/2018
Total of annual lease payments		<u>\$ 3,611,979</u>		
Type	Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year	
Governmental activities:				
General obligation bonds	511 1998 Street Bond II	\$ 2,500,000	\$ 888,585	
General obligation bonds	512 Golf Course Bond	1,445,000	271,505	
General obligation bonds	514 Redevelopment District Bond	485,000	255,830	
General obligation bonds	516 2001 Parks Bond	1,670,000	469,633	
General obligation bonds	201 TLRC Bond	6,185,000	542,048	
Revenue bonds	517 2011 Downtown Redevelopment Bond	12,755,000	1,053,824	
Total governmental activities		<u>25,040,000</u>	<u>3,481,425</u>	
Wastewater:				
Revenue bonds	Sewage Works Refunding Revenue Bonds Series 2013	20,190,000	1,400,037	
Revenue bonds	Sewage Works Revenue Bonds of 2006 Series A-1	5,240,000	249,487	
Revenue bonds	Sewage Works Revenue Bonds of 2006 Series A-2	1,100,000	396,825	
Revenue bonds	Sewage Works Refunding Revenue Bonds of 2012 Series A	6,290,000	520,625	
Revenue bonds	Sewage Works Revenue Bonds of 2012 Series B	6,000,000	1,264,828	
Revenue bonds	Sewage Works Revenue Bonds of 2012 Series C	5,000,000	326,705	
Notes and loans payable	2004 SRF (5 800 000)	4,198,000	401,905	
Notes and loans payable	2006 SRF (3 552 000)	2,718,380	243,504	
Notes and loans payable	2006 SRD (7 288 000)	5,577,576	499,621	
Total Wastewater		<u>56,313,956</u>	<u>5,303,537</u>	
Water:				
Revenue bonds	Waterworks Refunding Revenue Bonds of 2003	3,095,000	537,950	
Revenue bonds	Waterworks Revenue Bond of 2006	4,060,000	413,186	
Revenue bonds	Waterworks Revenue Bond of 2011 Series B	34,990,000	2,008,350	
Notes and loans payable	2000 SRF (10 850 000)	7,205,000	1,075,667	
Notes and loans payable	2003 SRF (4 215 000)	2,389,000	295,055	
Notes and loans payable	2003 SRF (7 885 000)	5,242,000	550,868	
Notes and loans payable	2011 SRF (6 045 000)	5,650,000	484,120	
Total Water		<u>62,631,000</u>	<u>5,365,196</u>	
Totals		<u>\$ 143,984,956</u>	<u>\$ 14,150,158</u>	

CITY OF BLOOMINGTON
SCHEDULE OF CAPITAL ASSETS
December 31, 2013

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
Governmental activities:	
Land	\$ 137,375,846
Infrastructure	39,528,582
Buildings	56,273,831
Improvements other than buildings	32,239,130
Machinery, equipment, and vehicles	19,945,550
Construction in progress	<u>6,620,716</u>
Total governmental activities	<u>291,983,655</u>
Storm Water:	
Infrastructure	17,408,991
Machinery, equipment, and vehicles	54,049
Construction in progress	<u>19,127</u>
Total Storm Water	<u>17,482,167</u>
Wastewater:	
Land	1,029,932
Infrastructure	117,527,155
Buildings	6,783,370
Machinery, equipment, and vehicles	31,697,791
Construction in progress	<u>218,023</u>
Total Wastewater	<u>157,256,271</u>
Water:	
Land	1,437,571
Infrastructure	44,841,011
Buildings	28,307,453
Machinery, equipment, and vehicles	25,253,296
Construction in progress	<u>35,805,761</u>
Total Water	<u>135,645,092</u>
Total capital assets	<u><u>\$ 602,367,185</u></u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City of Bloomington's (City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, 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 items 2013-002 and 2013-003. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance


Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not 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 over compliance 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 items 2013-002 and 2013-003 to be material weaknesses.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

July 30, 2014

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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, 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Agriculture</u>				
Child Nutrition Cluster				
Summer Food Service Program for Children	Indiana Department of Education	10.559		
Summer Food Service Program for Children			CNP-SF-75305	\$ 12,445
Total - Child Nutrition Cluster				12,445
Rural Cooperative Development Grants	Indiana Department of Health	10.771		
Bloomington Community Farmers' Market EBT SNAP			3U58DP001481-05S1	851
Total - Department of Agriculture				13,296
<u>Department of Housing and Urban Development</u>				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	Direct Grant	14.218		
CDBG			B-11-MC-180013	663,370
CDBG			B-12-MC-180013	98,648
Total - CDBG - Entitlement Grants Cluster				762,018
CDBG - State-Administered CDBG Cluster				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Indiana Office of Community and Rural Affairs	14.228		
Griffy Lake Dam Improvements			B12DC180001DR1B-09-0	1,293,005
Total - CDBG - State-Administered CDBG Cluster				1,293,005
Housing Counseling Assistance Program	Direct Grant	14.169		
Housing Counseling			HC120421142	873
			HC130421021	14,845
Total - Housing Counseling Assistance Program				15,718
Shelter Plus Care	Direct Grant	14.238		
Shelter Plus Care			IN0048C5H021104	20,181
Shelter Plus Care			IN0048L5H021205	18,941
Total - Shelter Plus Care				39,122
HOME Investment Partnerships Program	Direct Grant	14.239		
HOME			M-09-MC-18-0200	6,542
HOME			M-10-MC-18-0200	508,634
HOME			M-11-MC-18-0200	384,649
HOME			M-12-MC-18-0200	96,229
HOME			M-13-MC-18-0200	28,795
Total - HOME Investment Partnerships Program				1,024,849
Total - Department of Housing and Urban Development				3,134,712
<u>Department of Justice</u>				
JAG Program Cluster				
Edward Byrne Memorial Justice Assistance Grant Program	Direct Grant	16.738		
2012 JAG Grant			2012-DJ-BX-0916	17,325
2011 JAG Grant			2011-DJ-BX-3378	20,159
Total - Edward Byrne Memorial Justice Assistance Grant Program				37,484
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to Units of Local Government, Recovery Act	Direct Grant	16.804		
2009 Recovery Act JAG Grant/Mobile Data Upgrade			2209-SB-B9-1635	9,744
Total - JAG Program Cluster				47,228

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, 2013
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Justice (continued)</u>				
Missing Children's Assistance	Indiana State Police	16.543		
2012 Internet Crimes Against Children Task Force Program			2011-MC-CX-K005 EDS	3,749
2011 Internet Crimes Against Children Task Force Program			2011-MC-CX-K005 #A2-	5,760
Total - Missing Children's Assistance				9,509
Total - Department of Justice				56,737
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster				
Highway Planning and Construction	Indiana Department of Transportation	20.205		
17th & Arlington Monroe			DES #0900216	172,813
Sare & Rogers			#0013801268 (INDOTPO)	72,513
S. Rogers from Rockport to Watson			#0013808625 (INDOT PO)	136,720
Tapp & Rockport Design			#00180813662 (INDOTPO)	12,705
S. Rogers Design			DES #0600496	1,460
FY13 Q3 & Q4			001305156 (INDOT PO)	214,467
FY14 Q1 & Q2 MPO			0014805114 (INDOT PO)	114,950
Total - Highway Planning and Construction Cluster				725,628
Highway Safety Cluster				
State and Community Highway Safety	Indiana Criminal Justice Institute	20.600		
2012-13 Operation Pullover Enforcement Program			1464 EDS# D3-13-727	33,487
2013 Dangerous Driving Enforcement Grant			State # D3-13-8040	13,280
Total - State and Community Highway Safety				46,767
Alcohol Impaired Driving Countermeasures Incentive Grants I	Indiana Criminal Justice Institute	20.601		
2012 DUI Taskforce			1496 EDS# D-13-7261	13,867
Total - Highway Safety Cluster				60,634
Total - Department of Transportation				786,262
<u>National Endowment for the Humanities</u>				
Promotion of the Arts_ Partnership Agreements	Indiana Arts Commission	45.025		
Technical Assistance Programs (TAP) 2013			11-6100-2026/ St #A1	4,823
Total - National Endowment for the Humanities				4,823
<u>Environmental Protection Agency</u>				
Environmental Protection Consolidated Grants for the Insular Areas -				
Program Support	Monroe County Soil & Water Conservation District	66.600		
Dog Park			IDEM #9-276	44,767
Capitalization Grants for Drinking Water State Revolving Funds	Indiana Department of Emergency Management	66.468		
2011 Series A SRF			DW12025304	459,077
Brownfields Assessment and Cleanup Cooperative Agreements	Direct Grant	66.818		
EPA BrownField Assessment			BF00E01217-0	1,485
Total - Environmental Protection Agency				505,329
<u>Department of Education</u>				
Twenty-First Century Community Learning Centers	Monroe County Community School Corporation	84.287		
School Age Care - 21st Century Community Learning Center Grant			A58-0-10-DL-062	21,698
Total - Department of Education				21,698
Total federal awards expended				\$ 4,522,857

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 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, 2013:

Program Title	Federal CFDA Number	2013
CDBG - Entitlement Grants Cluster:		
Community Development Block Grants/Entitlement Grants	14.218	<u>\$ 237,562</u>

CITY OF BLOOMINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	CDBG - Entitlement Grants Cluster
	CDBG - State-Administered CDBG Cluster
	Highway Planning and Construction Cluster
14.239	HOME Investment Partnerships Program

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

Auditee qualified as low-risk auditee?	no
--	----

Section II - Financial Statement Findings

FINDING 2013-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

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

1. Bank reconciliements presented for audit indicate that there is no proper management oversight of monthly bank reconciliements being performed. The City hired a Deputy Controller in June 2013 to primarily work on City bank reconciliements. The Deputy Controller was able to

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

reconcile each month of 2013 by December 31, 2013. Once this was done, the Controller approved the entire year's bank reconciliations. Starting in January 2014, the monthly bank reconciliations are prepared by the Deputy Controller and then approved by the Controller.

2. The City's payroll processing was 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 internal controls, since the various City departments are more involved in the payroll process. However, internal controls over payroll related areas are still lacking. The payroll staff person in the Controller's Office issues 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, each department has a payroll employee who enters into the New World System that department's payroll information for all employees in that department. The department heads are to approve this information in the system. The New World System will not allow the approvals to be viewed once the payroll has been processed.

Additionally, a detailed listing of employees being paid bi-weekly is not being reviewed and approved. The payroll is approved in total by fund.

3. Receipts were not issued for cash, checks, or EFT transactions at the utilities with the exception of customer payments on their accounts. Receipts are posted to New World System in one lump sum; therefore, individual receipts cannot be traced into the system.

We recommended the City establish and implement effective controls over the bank reconciliation, payroll processes, and utility receipts.

Indiana Code 5-13-6-1(e) states: "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."

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)

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.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2013-002 - SUSPENSION AND DEBARMENT

Federal Agency: Department of Housing and Urban Development

Federal Program: HOME Investment Partnerships Program

CFDA Number: 14.239

Federal Award Number and Year (or Other Identifying Number): M-09-MC-18-0200, M-10-MC-18-0200,
M-11-MC-18-0200, M-12-MC-18-0200,
M-13-MC-18-0200

Federal Agency: Department of Housing and Urban Development

Federal Program: Community Development Block Grants/Entitlement Grants

CFDA Number: 14.218

Federal Award Number and Year (or Other Identifying Number): B-11-MC-180013, B-12-MC-180013

Management of the City has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Suspension and Debarment compliance requirement. The failure to establish an effective internal control system places the City at risk of non-compliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

The City did not have procedures established to ensure that its project developer (applicable to the HOME Investment Partnerships Program) and physical improvement and social service applicants (applicable to Community Development Block Grants/Entitlement Grants), as well as its contractors, were not excluded, disqualified, or otherwise ineligible from Federal procurement and nonprocurement programs at the time of contract execution or during the period of project work. There were no policies indicating how a developer's and/or contractor's eligibility is verified and what documentation will be maintained to prove this. No documentation was provided for audit to show that the City had determined the developer's eligibility. There was documentation to show that the contractors were eligible; however, there was no indication that this was checked by someone other than the person who performed the initial task.

24 CFR 85.35 states: "Grantees and subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party that is debarred or suspended or is otherwise excluded from or ineligible for participation in federal assistance programs subject to 2 CFR part 2424."

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

OMB Circular A-133, Subpart C, section .300 states in part:

"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."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the City.

We recommended that the City's management establish controls, including segregation of duties, and procedures to ensure compliance with the grant agreement and all compliance requirements that have a direct and material effect to the programs.

FINDING 2013-003 - REPORTING

Federal Agency: Department of Housing and Urban Development

Federal Program: Community Development Block Grants/Entitlement Grants

CFDA Number: 14.218

Federal Award Number and Year (or Other Identifying Number): B-11-MC-180013, B-12-MC-180013

Management of the City has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Reporting compliance requirements. The failure to establish an effective internal control system places the City at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

The City is required to perform subaward reporting under the Transparency Act. During 2013, these reports were not prepared by the City for the subrecipients of the Community Development Block Grants/Entitlement Grants. There are no controls in place to ensure these reports are prepared.

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

2 CFR, Appendix A to Part 170(I)(a), states in part:

"Reporting of first-tier subawards.

1. *Applicability.* Unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates \$25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5) for a subaward to an entity (see definitions in paragraph e. of this award term).
2. *Where and when to report.*
 - i. You must report each obligating action described in paragraph a.1. of this award term to <http://www.fsrs.gov>.
 - ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)
3. *What to report.* You must report the information about each obligating action that the submission instructions posted at <http://www.fsrs.gov> specify."

OMB Circular A-133, Subpart C, section .300 states in part:

"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."

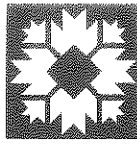
The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the City.

We recommended that the City's management establish controls, including segregation of duties, and procedures to ensure compliance with the grant agreement and all compliance requirements that have a direct and material effect to the program.

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AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the City. The documents are presented as intended by the City.



**City of Bloomington
Office of the Controller**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2012-03-INTERNAL CONTROLS OVER SUSPENSION AND DEBARMENTS

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: HOME Investment Partnerships Program, Community Development Block
Grants/Entitlement Grants Cluster
CFDA Number: 14.239, 14.218

Status of Finding:

The City of Bloomington Housing and Neighborhood Development Department (HAND) was audited between April 16-19, 2012 by HUD. HUD required HAND to document that a contractor was eligible to work on a federally funded project and create a policy and procedure outlining contractor eligibility. Previous to this audit, HAND would check eligibility on the Excluded Parties List System, but not print out the sheets showing that our "search returned no results." Since that time, HAND has created a policy and procedure for this action and on August 2, 2012 HUD responded to our Findings Response Letter noting that the finding is resolved.

FINDING 2012-04-INTERNAL CONTROLS OVER PROGRAM INCOME

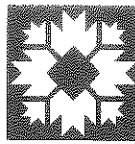
Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: Community Development Block Grants/Entitlement Grants; HOME Investment
Partnerships Program
CFDA Number: 14.218/14.239

Status of Finding:

HAND inadvertently deposited a payoff from a CDBG funded Owner-Occupied Rehab in to the HOME account and used that program income to cover HOME expenses. This mistake was not caught through our regular systems. HAND has corrected this error by transferring funds from HOME to CDBG. We covered this transfer by receipting in enough HOME program income. In order to keep errors like this from happening in the future, HAND has been using the project accounting module in the city's financial system, New World, since the start of FY 2013 (June 1st). As projects are attached to either the CDBG or HOME account, it has been easier to determine which fund is affected by both program income and expenditures. HAND has also requested TA from HUD and IDIS to train Doris Sims, Christina Finley, and Lisa Abbott.

FINDING 2012-05-INTERNAL CONTROLS OVER SUBRECIPIENT MONITORING

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: Community Development Block Grants/Entitlement Grants
CFDA Number: 14.218



City of Bloomington
Office of the Controller

Status of Finding:

HAND's funding agreements note the fund title in their documents, i.e. CDBG or HOME, but did not identify the CFDA Number or the Federal Award Number. HAND has provided this requirement to the City Legal Department and they have modified HAND's agreement templates to include this information.

FINDING 2012-06-INTERNAL CONTROLS OVER ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: U.S. Department of Housing and Urban Development

Federal Program: Community Development Block Grants/Entitlement Grants; HOME Investment Partnerships Program

CFDA Number: 14.218; 14.239

Status of Finding:

This finding notes that the State Board of Accounts recommends that the City work with New World to allow someone to go back in the accounting system to determine who approved payroll. Please note that payroll must be approved by either Doris Sims or Lisa Abbott in order to be processed by the Controller's Office. Documenting this approval is apparently the issue. Until such time as the City can have changes made to the accounting system, we will document the approval of payroll by having the person who approved payroll sign the form and file it with our department timesheets, which has been the process since January 2014.

Donna Slater

6-30-14

Date



**City of Bloomington
Office of the Controller**

CORRECTIVE ACTION PLAN

Section II – Financial Statement Findings

FINDING 2013-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Contact Person(s):

Donna Slater	slaterd@bloomington.in.gov	812-349-3412
Michael Horstman	horstmam@bloomington.in.gov	812-349-3635

Expected Completion Date: 12/31/13

Corrective action:

1. As stated in the financial statement finding, cash reconciliations will now be performed monthly by the Deputy Controller and approved by the Controller.
2. We recognize that this comment has appeared in previous audits and we believe that appropriate steps were taken in 2013 to resolve the issues concerning documented approvals over payroll. The accounting software does record the approval made by the Deputy Controller when the payroll entry is posted. Beginning in August 2013, the Deputy Controller reconciled the Pay Day Earning Report, which is generated each payroll period, to the payroll journal entry. Any corrections needed are made prior to posting the entry. This is documented both electronically in the accounting software by drilling down to each general ledger account and on hard copy. We concur with the auditor's opinion concerning documentation of approval of employees hours maintained within the accounting software. The software provider was been made aware of this deficiency with their product in 2013. However, beginning in January 2013, hours worked are approved by department heads both prior to entry in the accounting software and again after manual entry to the software. An hours report for each department is printed from the accounting software, compared to the time cards or time sheets, and if any discrepancies are found they are corrected prior to payroll processing. The department heads then sign and date the corrected hours report to document their approval. These reports are available for review. In July 2014, the City of Bloomington began the process to implement an electronic payroll time keeping system that will record and store the department heads approval, as well as, uploads the hours to the accounting software. The implementation of this time keeping system is to be completed by year-end 2014. Beginning in January 2014, a detailed departmental payroll register has been provided to the respective boards for their approval.
3. The Utility staff has been trained on the recommended procedures to issue receipts for every deposit and these entries have been corrected for calendar year 2014. We worked with the Controller's office to understand the changes necessary to use the recommended procedures.

Section III – Federal Award Findings and Questioned Costs

FINDING 2013-002 - SUSPENSION AND DEBARMENT

Contact Person:

Lisa Abbott abbottl@bloomington.in.gov 812-349-3401

Expected Completion Date: 7/1/14

Federal Agency: HOME Investment Partnerships Program

Federal Program: HOME Investment Partnerships Program

CFDA Number: 14.239

Federal Award Number and Year (or Other Identifying Number): M-09-MC-18-0200, N-10-MC-18-0200, M-11-MC-18-0200, M-12-MC-18-0200, M-13-MC-18-0200

Pass-Through Entity: Direct

Federal Agency: Housing and Urban Development

Federal Program: Community Development Block Grants/Entitlement Grants

CFDA Number: 14.218

Federal Award Number and Year (or Other Identifying Number): B-11-MC180013 and B-12-MC-180013

Pass-Through Entity: Direct

Corrective Action:

1. HUD monitored the City of Bloomington in 2012 and required HAND to document that a contractor was eligible to work on a federally funded project and create a policy and procedure outlining contractor eligibility. Previous to this audit, HAND would check eligibility on the Excluded Parties List System, but not print out the sheets showing that our "search returned no results." This audit finding requires HAND to check its sub recipients (social service agencies), developers and partners against System for Award Management (SAM) to ensure parties are not on the Excluded Parties List (Suspension and Debarment). HAND has amended its procedural manual to reflect that change. Please see Attachment A.
2. HAND will note this requirement in its HOME and CDBG applications. Please see an example noted as Attachment B.
3. Successfully funded applicants are required to sign a variety of documents which may include a Funding Agreement or Partnership Agreement. The SAMs will be attached as an exhibit to the required Funding or Partnership Agreements. These documents are reviewed by the Legal Department, the HAND Department and the Office of the Mayor. These reviews are noted by the signature of the Mayor, Redevelopment Commission President and/or HAND Director.

FINDING 2013-03 – Reporting

Contact Person:

Lisa Abbott abbottl@bloomington.in.gov 812-349-3401

Expected Completion Date: 9/8/14

Federal Agency: Housing and Urban Development

Federal program: Community Development Block Grants/Entitlement Grants

CFDA Number: 14.218

Federal Award Number and Year (or Other Identifying Number): B-11-MC-180013 and B-12-MC-180013

Pass-Through Entity: Direct

Corrective Action:

1. The following will be added to all CDBG Funding Agreements:

Federal Funding Accountability and Transparency Act of 2006 (FFATA)

FFATA reporting requirements will apply to any CDBG Agreement in the amount of \$25,000 or greater. The Grantee must provide any information needed pursuant to these requirements. This includes entity information, the unique identifier of the Grantee, the unique identifier of the Grantee's parent if applicable, and relevant executive compensation data, if applicable. See subsection 3 below regarding executive compensation data).

1. Data Universal Numbering System (DUNS) number

Pursuant to FFATA reporting requirements and in order to receive funding under this Agreement, the Grantee shall provide City with a valid Dun & Bradstreet (D&B) Data Universal Numbering System (DUNS) number that identifies the Grantee. A DUNS number may be requested online at <http://fedgov.dnb.com/webform>.

2. System for Award Management (SAM)

The Grantee shall register in the System for Award Management (SAM), which is the primary registrant database for the US Federal Government, and shall enter any information required by FFATA into the SAM, update the information at least annually after the initial registration, and maintain its status in the SAM through the Term of this Agreement. Information regarding the process to register or update information in the SAM can be obtained at www.sam.gov.

3. Executive Compensation

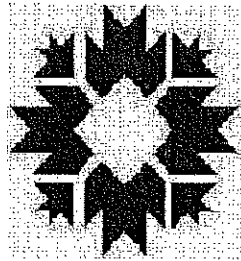
The Grantee shall report the names and total compensation of the five (5) most highly compensated officers of the Grantee in SAM if the Grantee in the preceding fiscal year

received eighty percent (80%) or more of its annual gross revenues from Federal contracts and Federal financial assistance (as defined at 2 CFR 170.320) and \$25,000,000 or more in annual gross revenues from Federal contracts and federal financial assistance (as defined at 2 CFR 170.320); and if the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. The Grantee may certify that it received less than eighty percent (80%) of annual gross revenues from the federal government, received less than \$25,000,000 of its annual gross revenues from the federal government, already provides executive compensation to the Securities Exchange Commission, or meets the Internal Revenue Code exemption, and will not be required to submit executive compensation data into the SAM under FFATA, provided, that the Grantee shall still register and submit the other data requested

2. HAND will add the FFATA reporting requirements to its Comprehensive Annual Performance Evaluation Report (CAPER) checklist in order to meet the November 30th deadline. HAND's Comprehensive Annual Performance Evaluation Report is due to HUD no later than August 30th of each year. Please see checklist as Attachment C. The reports for the CAPER are completed by the program managers and reviewed by the director or assistant director prior to submission to HUD. The FFATA report will be initialed by the director or assistant director upon review.

 7.30.14
Donna Slater, Interim City Controller

**City of Bloomington, Indiana
Housing and Neighborhood Development
Department**



Policies and Procedures Manual

Community Development Block Grant

HOME Investment Partnership Program

Bloomington Housing Trust Fund

City of Bloomington, Indiana
Housing and Neighborhood Development Department
P. O. Box 100, 401 North Morton Street
Bloomington, IN 47402
(812) 349-3401
www.bloomington.in.gov/hand

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Introduction

The City of Bloomington, Indiana, administers two main sources of funding from the Housing and Urban Development (HUD) Department's Housing and Community Development Program; Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HOME). In addition, the HAND Department provides staffing assistance for the Bloomington Housing Trust Fund.

This manual sets forth policies and procedures for administration of programs and projects funded by the City of Bloomington. CDBG and HOME are governed by complex and involved federal regulations and policies, but this manual will summarize the major elements for proper program operations.

The Consolidated Plan is the City's five year strategic plan which identifies the City's overall needs for affordable housing, community development, economic development, homeless services and services to persons with special needs. The City of Bloomington's Consolidated Plan can be found at

http://bloomington.in.gov/documents/viewDocument.php?document_id=4818. Each year, HUD requires the City to file an Annual Action Plan outlining the activities to be undertaken for that year. Those plans can be found at http://bloomington.in.gov/sections/viewSection.php?section_id=233. In addition, HUD requires that the City file a Comprehensive Annual Performance Evaluation Report outlining the activities accomplished for the past fiscal year. Those reports can be found with the Annual Action Plans.

Tips for making the process smoother:

1. Learn the process and requirements. Start by reading this manual. To avoid unnecessary missteps that might cause you delays, you need to understand the various processes and application pathways.
2. Read your agreements and contracts. The details and requirements of your specific project are outlined in your agreements and contracts. You must know your obligations to avoid complications.
3. Submit forms, reports and requested data in a timely manner. You report to HAND. We report to HUD. It is important that we are able to report to HUD in a timely manner. And, it is important to close out your project as soon as possible in order to start your compliance period. We cannot close out your project until we have all of the required information.
4. Attend training sessions. HAND hosts informational and training sessions for CDBG. It is important for the person who is actually writing the application and will handle the project to attend the meeting.
5. Familiarize yourself with the federal requirements. Ask us questions. We want to help. We know the federal requirements are complicated. It is easier on everyone to understand what is required up front.

This manual is not intended to be all inclusive nor so restrictive that it cannot be amended. For more information, contact the City of Bloomington, Housing and Neighborhood Development Department, 401 N. Morton, Suite 130, PO Box 100, Bloomington, Indiana 47402. Telephone: (812) 349-3401. Fax: (812) 349-3582. Website: www.bloomington.in.gov/hand. Email: HAND@bloomington.in.gov.

Community Development Block Grant

A. CDBG National Objectives and Eligible Activity Categories

HUD awards grants to entitlement community grantees to carry out a wide range of community development activities directed toward revitalizing neighborhoods, economic development, and providing improved community facilities and services. The City of Bloomington is an entitlement community and receives an annual allocation of Community Development Block Grant funds to implement to solve local problems that meet a national objective as defined by HUD.

CDBG funds are used to achieve one of the following national objectives:

1. To benefit low- and moderate income persons.
2. To prevent or eliminate slums or blight.
3. To meet urgent needs.

Eligible activities include:

- acquisition of real property;
- relocation and demolition;
- rehabilitation of residential and non-residential structures;
- construction of public facilities and improvements, such as water and sewer facilities, streets, neighborhood centers, and the conversion of school buildings for eligible purposes;
- public services, within certain limits;
- activities relating to energy conservation and renewable energy resources; and
- provision of assistance to profit-motivated businesses to carry out economic development and job creation/retention activities.

B. Application Process

In order to achieve the national objectives, the City of Bloomington allocates CDBG funds on an application basis each year. A Subrecipient is a public or private nonprofit agency, authority or organization that receives CDBG funds to undertake eligible activities. Subrecipients can apply for either physical improvement projects (example: acquisition, construction, rehabilitation, etc.) or public service funding. Unless otherwise noted, "Subrecipient" will be used throughout this manual to denote all entities receiving CDBG funds.

1. Applications

Applications are released every year in late August or early September and are available on the City's website. Notice of the release of applications is printed in the Bloomington Herald-Times. Individual notices are NOT sent to agencies. Subrecipients can apply for physical improvement funding, public service funding or both. Only one application will be accepted from a Subrecipient for each funding type. Information regarding required letters of intent, funding maximums or minimums, mandatory training, site visits and application deadlines are updated annually when the applications are released and can be found on the HAND's website.

2. Requirements to note:

1. Agencies must have an approved Affirmative Action Plan on file with the City of Bloomington's Human Rights Division at 812-349-3429 prior to application.
2. Agencies must adhere to the City of Bloomington's Living Wage ordinance. If you have questions regarding the Living Wage ordinance, contact either Bob Woolford or Marilyn Patterson at 812-349-3401.
3. Applications must include the agency's DUNS number.

3. Citizens Advisory Council

Allocation recommendations are made by the Citizens Advisory Council (CAC). The Citizens Advisory Council is made up of two (2) members of the Redevelopment Commission, (2) members of the Common Council and appointees by the Mayor. The CAC reviews all applications; host a public hearing for each funding type, and makes allocation recommendations. Those recommendations are approved by the Redevelopment Commission (public meeting), the Mayor, and finally the City Council (public meetings).

4. Funding Agreements

Funding agreements are approved by the Redevelopment Commission at a public meeting following the receipt of annual contracts from HUD. Funding Agreements will outline the funding amounts, scope of services, expected service numbers, reporting requirements, and other obligations. It is the responsibility of the Agency to read and understand all elements of the Funding Agreement.

C. Project Close out

The compliance period does not start until the project has been closed out with HUD. In order to close out the project, the Agency must provide HAND with all required information as outlined in the Funding Agreement. After receipt of all required information, HAND will issue the final payment and close the project out in its IDIS system. HAND will issue a close-out letter to the Agency stating the date the project was closed out and information regarding the compliance period.

D. Annual Action Plan

The Annual Action Plan is written after the CDBG approval process is complete. The Plan will include goals outlined in the applications and funding agreements. The Plan is posted for public comment. Notice is printed in the Bloomington Herald-Times. Copies of the plan are available on the HAND website (www.bloomington.in.gov/hand), in the HAND Office at 401 N. Morton, Suite 130, and in the Indiana Room at the Monroe County Public Library.

E. Comprehensive Annual Performance Evaluation Report (CAPER)

The Comprehensive Annual Performance Evaluation Report (CAPER) is written after the completion of the fiscal year on May 31st. The CAPER will include the achievements of all of the CDBG recipients as obtained from their required reports and monitoring. The CAPER is posted for public comment. Notice is printed in the Bloomington Herald-Times. Copies of the CAPER are available on the HAND website (www.bloomington.in.gov/hand), in the HAND Office at 401 N. Morton, Suite 130, and in the Indiana Room at the Monroe County Public Library.

HOME Investment Partnership Program

A. HOME Objectives and Eligible Activities

The National Affordable Housing Act of 1990 created the HOME Investment Partnership Program. This federal program is designed to strengthen public-private partnerships and to expand the supply of decent, safe, sanitary, and affordable housing.

HOME funds are used to achieve the following objectives:

- To provide decent affordable housing to lower-income households.
- To expand the capacity of non-profit housing providers.
- To strengthen the ability of state and local governments to provide housing.

- To leverage private sector participation.

Eligible activities are defined in accordance with the following categories:

- Housing rehabilitation.
- Homebuyer activities.
- Rental housing activities.
- Tenant-based Rental Assistance (TBRA).

Individual households, non-profit and for-profit developers may apply for HOME funding.

B. Application Process

HAND accepts applications on a year-round basis for projects that address the stated objectives and are for eligible activities.

4. Individual households can apply for Owner-Occupied Rehabilitation Loans (Attachment A), Purchase-Rehabilitation Conditional Loans (Attachment B), and Down Payment & Closing Cost Conditional Loans (Attachment C). Guidelines for those individual programs follow this manual. Process for Individual Households:
 - a. Applications can be found on-line at http://bloomington.in.gov/documents/viewDocument.php?document_id=1253.
 - b. Households must meet current HUD income guidelines which can be found at http://bloomington.in.gov/documents/viewDocument.php?document_id=2930.
 - c. If HAND determines the household to be eligible, an inspector will come out to do an assessment of the house. This assessment will include code related items, energy efficiency, lead based paint, etc. A Section 106 Review (Environmental Review) will also be conducted by staff.
 - d. Rehabilitation of single family homes must not exceed the HOME affordable homeownership limits for the Bloomington FMR as set by HUD.
 - e. The write up from the assessment will be sent to approved bidders for pricing. Acceptable bids will be reviewed with the household.
 - f. Approved projects will be sent a Partnership Agreement to sign. See Required Agreements in Section F below.
5. Process for Non-profit and For-profit Developers:
 - a. Applications can be obtained from HAND Department Staff.
 - b. HOME requires that 15% of the City's annual allocation be set aside for Community Housing Development Organizations

(CHDO). A CHDO is a private non-profit organization that's mission includes providing decent housing that is affordable to low- and moderate income persons as evidenced in its charter, articles of incorporation, resolutions or by-laws. The CHDO "qualifications checklist" is outlined below. If a non-profit developer would like to be a CHDO, they must fill out a CHDO application and submit it with all required documents.

- c. If the City of Bloomington accepts your proposal, a Letter of Commitment will be sent to the applicant. This Letter of Commitment only states that the City of Bloomington is interested in pursuing the project should it meet all of the required elements. This is not a notice to proceed and the City will not be held responsible for any work completed prior to the execution of the required agreements as defined in Section G below.
- d. Upon commitment construction must commence within twelve (12) months and project must be completed within forty-eight months (48).

C. Selecting a contractor

Any contractor selected to perform work under *any* agreement with HAND must be eligible as defined by the SAM System for Award Management. Interested contractors can check their eligibility by going to <https://www.sam.gov/portal/public/SAM/##11>. The City of Bloomington will check eligibility prior to the signing of any contract or agreement. A copy of the SAM will be kept in the individual project files.

D. Environmental Review (Non-profit & For-Profit Developers)

The City of Bloomington cannot commit or expend funds until environmental clearance has been achieved. Individual households' environmental review will be completed in-house with the application. It is imperative that the environmental review process start as soon as possible. The length of time to complete an environmental review will depend on the type of project, the specific property and any potential testing times. In order to expedite the process, please note the following steps:

1. Identify the project type:
 - a. Define your HAND funding request – is it acquisition of land, construction money, infrastructure.
 - b. Is the project new construction, reconstruction, rehabilitation?
 - c. Provide number of units.
 - d. Will this project require Planning approval?
2. Define the scope of the project:
 - a. Provide a map of the area. This can be a GIS map.
 - b. Provide a legal description if possible or a copy of the Deed.
3. Other helpful information:

- a. Provide copies of any other environmental studies that have been completed.
- b. Provide copies of title work if available.

HAND will determine the level of review; submit documents to applicable agencies, review comments from those agencies, make the environmental determination and the appropriate public notice. Once the review is complete, HAND will complete the Environmental Review Record attached as Attachment L and can move forward with funding agreements and funding commitments.

E. Affirmative Marketing

Developers must adopt affirmative marketing procedures and requirements for all HOME assisted units. Those procedures must include:

- Methods for informing the public, owners and potential tenants about fair housing laws and the City non-discrimination requirements. Developers must use the Fair Housing logo or equal opportunity language.
- A description of what owners will do to affirmatively market housing assisted with HOME funds.
- A description of what owners will do to inform persons not likely to apply for housing without special outreach.
- Maintain records to document actions taken to affirmatively market HOME assisted units and to assess marketing effectiveness.
- A description of how efforts will be assessed and corrective action taken, if necessary, where requirements are not met.

F. CHDO Requirements

Organizations must meet the following criteria to qualify as CHDO:

1. Must be organized under state/local law;
2. Have a purpose/mission to provide decent housing that is affordable to low- and moderate-income persons/households. This must be evidenced in the organization's charter, articles of incorporation, by-laws or a resolution by the board of directors;
3. No part of the organization's earnings may benefit any members, founders, contributors or individuals;
4. Must have a clearly defined services area;
5. Must have received tax-exempt status from the IRS under Section 501 (c) of the Internal Revenue code of 1986.
6. Must have a board composition that is at least one-third representatives of the low-income community and no more than one-third may be public officials; and
7. Must have demonstrated that it has at least one year of experience serving the community where it intends to develop the HOME assisted housing.

8. For each specific project the PJ will document that the CHDO has the capacity to own, develop or sponsor housing.

For more information on CHDOs, contact Marilyn Patterson, Assistant Director, Housing and Neighborhood Development at 812-349-3401.

G. Required Agreements

Every HOME funded project will be required to have written agreements outlining the responsibilities of the individual parties. It is the responsibility of the person to thoroughly read and understand all elements of the agreements. Those agreements can include:

1. Partnership Agreement – The funds are reserved when the City of Bloomington enters into a written agreement with the CHDO.
2. This agreement will include, but not be limited to, the following:
 - a. Activities to be carried out;
 - b. How they are funded; and
 - c. Responsibilities and options of the parties.
 - d. Form of assistance-grant or loan.
 - e. Specify HOME eligible or other activity to benefit low-income families
 - f. State the actual sales price of housing or describe the method that will be used to determine the sales price of the housing.
3. Mortgage – The mortgage evidences the funding for the project using the property as collateral. This document will have an amount that may not be exceeded when completing the project. Depending on the program, the mortgage may or may not be released upon completion as defined in the Partnership Agreement and Promissory Note.
4. Promissory Note – The Promissory Note is a promise of the City of Bloomington to pay a certain amount of funding for a project and the mortgagee's promise to meet the conditions outlined in the Mortgage and Note.
5. Affordability Covenants – Affordability Covenants may be required for some projects as defined by HUD. The Affordability Covenants specifies that the property will remain affordable by setting certain terms and conditions related to its long-term use. The Affordability Covenants cannot be released until the terms outlined in them have been met. The length of time that the Covenants will be in place is defined by the program and the amount invested in the project.

Upon execution of the required agreements, funds will be committed and may be disbursed for projects.

Housing Trust Fund

A. Objectives and Eligible Activities

The Bloomington Housing Trust Fund was established in 1995 by Mayor Tomilea Allison. The fund was established through the Bloomington Community Foundation. The purpose of the Housing Trust Fund is to provide financing for the creation and preservation of affordable housing for the low-income population of the community through acquisition of land and structures, and the construction and rehabilitation of affordable housing.

B. Application Process

The Bloomington Housing Trust Fund Advisory Board meets on an as-needed basis to review loan and grant applications. Interested parties should contact Marilyn Patterson at 812-349-3401 for more information on how to apply.

General Requirements

A. Disbursement of Funds

The City of Bloomington must follow disbursement procedures that are required by the State Board of Accounts as well as HUD. Please note the following:

1. Process for Individual Households Projects:
 - a. Inspectors will be on-site during the project to monitor the work completed. Written assessments of those inspections will be reviewed with the household/contractor and placed in the file. A copy of the assessment form is attached to Manual and marked as Exhibit J. Additional documentation regarding costs incurred may be requested by the inspector and added to the file.
 - b. Claims for payment can be submitted by the contractor every other week in accordance with the claims schedule posted by the City of Bloomington's Controller Office.
2. Process for Developer Projects:
 - a. Inspectors will be on-site during the project to monitor the work completed. Written assessments of those inspections will be reviewed with the developer and placed in the file. A copy of the assessment form is attached to Manual and marked as Exhibit J. Additional documentation

- regarding costs incurred may be requested by the inspector and added to the file.
- b. Claims for payment can be submitted by the developer every other week in accordance with the claims schedule posted by the City of Bloomington's Controller Office.
3. Process for CDBG Social Service Providers:
- a. Reports and forms as required by the Funding Agreement must be filed with HAND to request payment. Additional documentation regarding costs incurred may be requested by the HAND program manager and added to the file.
 - b. Claims for payment can be submitted by the Social Service Provider every other week in accordance with the claims scheduled posted by the City of Bloomington's Controller's Office.
4. Process for CDBG Physical Improvement Projects:
- a. Inspectors will be on-site during the project to monitor the work completed. Written assessments of those inspections will be reviewed with the project manager and placed in the file. A copy of the assessment form is attached to Manual and marked as Exhibit J. Additional documentation regarding costs incurred may be requested by the inspector and added to the file.
 - b. Claims for payment can be submitted by the project manager every other week in accordance with the claims schedule posted by the City of Bloomington's Controller Office.

B. Financial Audit

All subrecipients receiving CDBG or non-profit developers receiving HOME funds will be required to have an audit of all Federal funds received from all sources, unless exempted in writing. The audits are to be performed in compliance with OMB Circular A-133. The audits must comply in all respects with the generally accepted auditing standards of the American Institute of Certified Public Accounts. Copies of audits must be provided to HAND prior to the execution of the CDBG Funding Agreement or the HOME Partnership Agreement.

For-profit developers may be required to provide tax returns, financial statements or other documentation showing financial stability in addition to any documentation required by the application upon request.

C. Procurement Procedures

If you intend to use CDBG or HOME dollars to acquire items or services not expressly outlined in your application, please contact Bob Woolford for instructions at 812-349-3401.

Please note that HOME funds may not be used to directly or indirectly employ, award contracts to, or otherwise engage the services of any contractor or subrecipient during any period of debarment, suspension or placement of ineligibility status. Please contact Bob Woolford at 812.349.3401 if you have questions regarding any contractor's or subrecipient's status.

D. Non-Discrimination and Equal Access

The City of Bloomington requires all program participants to adhere to Bloomington Municipal Code 2.21.020 that states "It is the policy of the city that it does not discriminate in the provision or implementation of its programs and services on the basis of race, religion, color, sex, national origin, ancestry, sexual orientation, gender identity, or disability. It is the public policy of the city to provide all citizens equal opportunity for education, employment, access to public accommodations and acquisition through purchase or rental of real property, including, but not limited to housing, and to eliminate segregation or separation based on race, religion, color, sex, national origin, ancestry, sexual orientation, gender identity, or disability, since such segregation is an impediment to equal opportunity. Equal education and employment opportunities and equal access to and use of public accommodations and equal opportunity for acquisition of real property are hereby declared to be civil rights."

In addition, all program participants must comply with all of the Federal laws, executive orders and regulations pertaining to fair housing and equal opportunity. They are: 1) Title VI of the Civil Rights Act of 1964, As Amended; 2) The Fair Housing Act; 3) Equal Opportunity in Housing (Executive Order 11063, as amended by Executive Order 12259); and Age Discrimination Act of 1975, As Amended.

E. Handicapped Accessibility

Program participants who received CDBG or HOME funds must adhere to regulations governing the accessibility of federally assisted buildings, facilities and programs. Those include:

1. Americans with Disabilities Act – Provides comprehensive civil rights to individuals with disabilities in the areas of employment, public accommodations, state and local government services and telecommunications. The Act (ADA) states that discrimination includes failure to design and construct facilities that are accessible to and usable by persons with disabilities. ADA also requires the removal of architectural and communication barriers that are structural in nature in existing facilities. For more information, contact the City of Bloomington Human Rights Division at 812-349-3429.

2. Fair Housing Act – Multi-family dwellings must also meet the design and construction requirements at 24 CFR 100.205 which implement the Fair Housing Act.
3. Section 504 – This Act prohibits discrimination in federally assisted programs on the basis of handicap. Specific requirements for the removal of physical barriers include:
 - a. For new construction of multi-family projects, at least 5% of the units in the project, but not less than one unit, must be accessible to individuals with mobility impairments, and an additional 2% of the units, but not less than one unit, must be accessible to individuals with sensory impairments.
 - b. For substantial rehabilitation of multi-family projects includes construction in a project with 15 or more units for which the rehabilitation costs will be 75% or more of the replacement cost. In such developments, at least 5% of the units in the project, but not less than one unit, must be accessible to individuals with mobility impairments, and an additional 2% of the units, but not less than one unit, must be accessible to individuals with sensory impairments.
 - c. For less extensive rehabilitation projects, alterations must, to the maximum extent feasible, make the unit accessible to and usable by individuals with handicaps until at least 5% of the units are accessible to people with mobility impairments. Alterations to common spaces must, to the maximum extent feasible, make the project accessible.
 - d. Accessible units must be, to the extent feasible, distributed throughout the project and sites and must be available in a sufficient range of sizes and amenities so as to not limit choice. Owners and managers of projects with accessible units must adopt suitable means to assure that information regarding the availability of accessible units reaches eligible individuals and households with individuals with handicaps. They must also take reasonable non-discriminatory steps to maximize use of such units by eligible individuals.
 - e. When an accessible unit becomes vacant, before offering the unit to a non-handicapped individual, the owner/manager should offer the unit:
 - 1) to a current occupant of the project requiring the accessibility features; and
 - 2) to an eligible qualified applicant on the waiting list (if applicable) requiring the accessibility features.

Specific requirements for providing program accessibility include:

- a. Individuals with handicaps must be able to find out about, apply for and participate in federally assisted programs or activities.
- b. Special communication systems may be needed for outreach and ongoing communication (i.e. telecommunication devices for the deaf such as TDD, materials on tape or in Braille, accessible locations for activities & meetings, etc.).

- c. Policies and procedures must be non-discriminatory (i.e. housing providers may not ask people with handicaps questions not asked of all applicants, screen individuals with handicaps differently or assess an individual's ability to live independently).

F. Employment and Contracting

The City of Bloomington requires that all program participants comply with the laws governing Equal Employment Opportunity including the Equal Employment Opportunity, Executive Order 11246 and Section 3 of the Housing and Urban Development Act of 1968. Please note that Section 3 requires, to the greatest extent feasible, opportunities for training and employment arising from HOME will be provided to low-income persons residing in the program service area. For questions regarding Section 3, please contact Bob Woolford at 812-349-3401.

Program participants must also comply with certain regulations on wage and labor standards. Please contact Bob Woolford at 812-349-3401 for questions regarding these standards.

G. Relocation

Due to the complexity of the Uniform Relocation Action, if you are considering a project that may require relocation of individuals or households, please contact Bob Woolford at 812-349-3401 to schedule an appointment.

H. Opportunities for Women Owned and Minority Owned Businesses

Program participants must make every feasible effort to contact minority owned and women owned business enterprises to respond to initiations to bid. In addition, all program participants must submit a Minority Business Report, marked as Attachment K, to the City of Bloomington to report the number of minority and women owned businesses that worked on projects federally funded projects.

Program Guidelines

Individual program guidelines are attached hereto:

- Acquisition/Rehabilitation Program, Attachment D
- Emergency Home Repair/Utility Service Program, Attachment E
- Furnace & Insulation Program, Attachment F

- Home Buyers Education Down Payment and Closing Cost Assistance Program, Attachment C
- Home Modification for Accessible Living, Attachment G
- HOME New Construction Rental Program, Attachment H
- HOME Rental Rehabilitation Program, Attachment I
- Minority Business Report, Attachment K
- Owner-Occupied Rehabilitation Loan Program, Attachment A
- Purchase-Rehabilitation Program, Attachment B
- Rehab Assessment Form-Site Visit Report, Attachment J
- Environmental Review Record, Attachment L

Common/rdv/program guidelines/ procedural manual.doc

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OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the City. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.