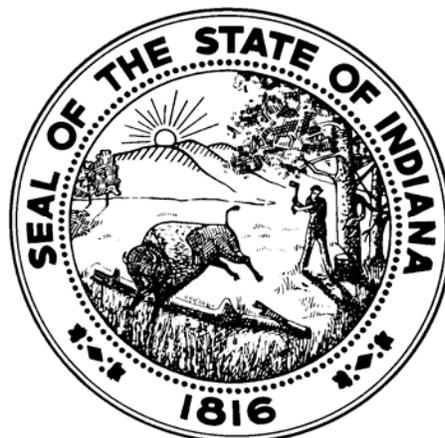


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS
CITY OF BLOOMINGTON
MONROE COUNTY, INDIANA
JANUARY 1, 2005 to DECEMBER 31, 2005



FILED
12/14/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Mary Susan Clark	01-01-05 to 12-31-07
Mayor	Mark Kruzan	01-01-05 to 12-31-07
President of the Board of Public Works	Beth Hollingsworth	01-01-05 to 12-31-06
President of the Common Council	Andy Ruff Chris Sturbaum	01-01-05 to 12-31-05 01-01-06 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDIANAPOLIS, INDIANA 46204-2765

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

We have audited the basic financial statements of the City of Bloomington (City), as of and for the year ended December 31, 2005, as presented in its Comprehensive Annual Financial Report (CAFR), and have expressed an unqualified opinion for the governmental activities, business-type activities, the discretely presented component unit, each remaining major fund and the aggregate remaining fund information, thereon dated September 20, 2006. The CAFR is a separate report containing our Independent Auditor's Report and is on file at the Office of the Controller. It is available upon request.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole.

This supplemental report is intended to present our Supplemental Audit of Federal Awards which includes our Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance with OMB Circular A-133. Also included is the Schedule of Expenditures of Federal Awards and the related notes.

The above schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

STATE BOARD OF ACCOUNTS

September 20, 2006



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

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

Compliance

We have audited the compliance of the City of Bloomington (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2005. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

STATE BOARD OF ACCOUNTS

September 20, 2006

CITY OF BLOOMINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2005

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-through Indiana Department of Education			
Child Nutrition Cluster			
Summer Food Service Program for Children	10.559	CNP-SF-75305	\$ <u>2,836</u>
Child and Adult Care Food Program	10.558	CNP-CC-75305	<u>2,788</u>
Total for federal grantor agency			<u>5,624</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Grant			
CDBG - Entitlement and (HUD-Administered) Small Cities Cluster			
Community Development Block Grants/Entitlement Grants	14.218		
Program Income		N/A	140,303
		B-03-MC-18-0013	844,120
		B-04-MC-18-0013	<u>149,985</u>
Total for cluster			<u>1,134,408</u>
Housing Counseling Assistance Program	14.169		
		HC 020498090	598
		HC 030498090	<u>34,632</u>
Total for program			<u>35,230</u>
Shelter Plus Care	14.238	IN36C203001	<u>29,926</u>
HOME-Investment Partnership Program	14.239		
Program Income		N/A	337,849
		MC-03-MC-18-0200	626,844
		MC-04-MC-18-0200	295,162
		MC-05-MC-18-0200	<u>69,445</u>
Total for program			<u>1,329,300</u>
Total for federal grantor agency			<u>2,534,488</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Local Law Enforcement Block Grants Program	16.592	2003-LB-BX-2013	<u>23,236</u>
Pass-Through Indiana Criminal Justice Institute			
Title V Delinquency Prevention Program	16.548	02-JP-009	15,347
		04-JF-021	<u>23,925</u>
Total for program			<u>39,272</u>
Total for federal grantor agency			<u>62,508</u>

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

CITY OF BLOOMINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2005
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction	20.205	STP-9953 (017)	2,580,000
Metropolitan Planning Grants:			
Planning Funds FY 2005			32,010
Planning Funds FY 2006			97,646
Small Urban and Rural Planning FY 2005			<u>25,553</u>
Total for cluster			2,735,209
Direct Grant			
Federal Transit Cluster			
Federal Transit - Capital Investment Grants	20.500		
		IN-03-0107	336,879
		IN-03-0111	56,406
		IN-03-0122	<u>699,028</u>
Total for program			<u>1,092,313</u>
Federal Transit - Formula Grants	20.507		
		IN-90-X216	2,120
		IN-90-X310	49,315
		IN-90-X440	69,080
		IN-90-X462	32,697
		IN-90-X491	<u>537,707</u>
Total for program			<u>690,919</u>
Total for cluster			<u>1,783,232</u>
Pass-Through Indiana Criminal Justice Institute			
Highway Safety Cluster			
State and Community Highway Safety	20.600		
		PT-06-04-07-43	5,250
		154AL-05-03,T-03, P-08	<u>11,522</u>
Total for program			<u>16,772</u>
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601		
		154AL-05-03,T-03,P-90	17,757
		154AL-06-03,T-03,T-17	<u>1,288</u>
Total for program			<u>19,045</u>
Total for cluster			<u>35,817</u>
Safety Belt Performance Grants	20.609		
		IN-05-02,T-03,P-40	12,670
		N/A	<u>7,500</u>
Total for program			<u>20,170</u>
Total for cluster			<u>55,987</u>

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

CITY OF BLOOMINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2005
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF TRANSPORTATION (continued)</u>			
Pass-Through Indiana Department of Transportation			
Federal Transit - Metropolitan Planning Grants	20.505		
Section 5303 FY 2005		8021202P	9,349
Section 5303 FY 2006		8021202P	<u>36,939</u>
Total for program			<u>46,288</u>
Total for federal grantor agency			<u>4,620,716</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-through Indiana Department of Environmental Management			
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS182416-01	<u>766,714</u>
Capitalization Grants for Drinking Water State Revolving Funds	66.468		
		DW102208-01	122,188
		DW103221-01	<u>2,117,169</u>
Total for program			<u>2,239,357</u>
Total for federal grantor agency			<u>3,006,071</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-through Indiana Family and Social Services Administration			
CCDF Cluster			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	53-05-34-0756	<u>47,592</u>
Maternal and Child Health Services Block Grant To the States	93.994	Project 04-01	<u>47,514</u>
Total for federal grantor agency			<u>95,106</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security			
Emergency Management Performance Grants	97.042	LVB-001	<u>137,389</u>
Disaster Assistance Projects	97.088	HSFEEM-06-P-5508	<u>36,970</u>
Total for federal grantor agency			<u>174,359</u>
Total federal awards expended			<u>\$ 10,493,248</u>

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

CITY OF BLOOMINGTON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the primary government provided federal awards to subrecipients as follows for the year ended December 31, 2005:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grants / Entitlement Grants	14.218	\$ 412,305
HOME Investment Partnerships Program	14.239	342,971

CITY OF BLOOMINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction
66.458	Capitalization Grants for Clean Water State Revolving Fund
66.468	Capitalization Grants for Drinking Water State Revolving Fund

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

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF BLOOMINGTON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF BLOOMINGTON
EXIT CONFERENCE

The contents of this report were discussed on November 9, 2006, with Mark Kruzan, Mayor; Mary Susan Clark, Controller; and Maria Heslin, Communications Director. Our audit disclosed no material items that warrant comment at this time.