

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

AUDIT REPORT
OF

CITY OF BLOOMINGTON
POLICE PENSION
MONROE COUNTY, INDIANA

January 1, 2007 to December 31, 2007



FILED
09/23/2008

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CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Police Pension Secretary	William Parker	01-01-07 to 12-31-08
Controller	Susan Clark Michael Trexler	01-01-07 to 05-04-08 05-05-08 to 12-31-08
Mayor	Mark Kruzan	01-01-04 to 12-31-11
President of the Board of Public Works	Beth Hollingsworth Charlotte Zietlow	01-01-07 to 12-31-07 01-01-08 to 12-31-08
President of the Common Council	David Rollo Susan Sandberg	01-01-07 to 12-31-07 01-01-08 to 12-31-08



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TO: THE OFFICIALS OF THE CITY OF BLOOMINGTON

We have audited the records of the City of Bloomington Police Pension for the period from January 1, 2007 to December 31, 2007, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Result and Comment. The financial transactions of this office are reflected in the Comprehensive Annual Financial Report (CAFR) of the City of Bloomington, Monroe County, for the year 2007.

STATE BOARD OF ACCOUNTS

June 20, 2008

CITY OF BLOOMINGTON
POLICE PENSION
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

Controls over the calculation of pension payments were insufficient. Three 1977 Converted Plan members were mistakenly given their July 2007 PERF increase twice. The Pension Secretary indicated this was due to making the calculation for their monthly increase when the PERF increase letter was first received, then again when the pension checks for July 2007 were prepared. Our calculations confirmed this explanation. The three plan members have been paid for 12 months at the incorrect rate. Their monthly overpayments and total overpayments are as follows:

Jeffrey L Barrett:	\$54.69/month for a total of \$656.28
Dexter O. Luck:	\$59.99/month for a total of \$719.88
Frances K. Minger:	\$59.29/month for a total of \$711.48

Total amount paid to the plan members in excess of their calculated amount is \$2,087.64. These amounts should be deducted from future pension payments.

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

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF BLOOMINGTON
POLICE PENSION
EXIT CONFERENCE

The contents of this report were discussed on August 26, 2008, with Mark Kruzan, Mayor; Michael Trexler, Controller; Kevin Robling, Corporate Counsel; and Jeff McMillian, Deputy Controller. The official response has been made a part of this report and may be found on pages 6.

The contents of this report were discussed on August 26, 2008, with William Parker, Police Pension Secretary.



**City of Bloomington
Office of the Controller**

Response to the Police Pension 2007 Audit Report

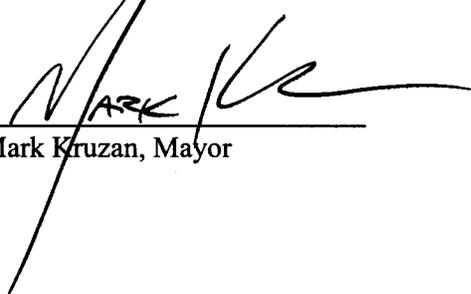
Errors in Pension Processing

SBA Comments: Three 1977 converted plan members were given their July 2007 PERF increases twice. The Pension Secretary made the increase when the PERF letter came and again when the July 2007 pension was processed. The three plan members were overpaid for twelve months.

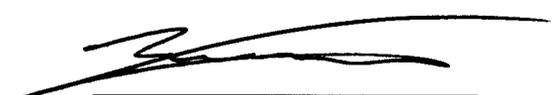
City Action: The SBA discovered this in May and brought it to the attention of the Pension Secretary, who reported it to the Pension Board at the next available meeting. For the July 2007 PERF cost of living increase, the percentage increase was calculated twice on the accounts of three retired officers. This resulted in overpayments to each of these retired officers through the next twelve months.

The Pension Secretary has frozen the new cost of living increase which would be made for the July 2008 and subsequent checks. This will prevent the three retired officers from sustaining a reduction in their benefits. We will continue with this plan until the overpayments are recovered. The Pension Secretary spoke with each of the three retired officers by telephone, explaining the problem and corrective action. The retired officers were also provided written notice with the same information and the exact figures applicable to each of their accounts.

The Pension Secretary now balances each payroll with the Controller's Office, comparing the current period with the previous months. Any discrepancies are brought to the attention of the Pension Secretary to be reconciled.



Mark Krizan, Mayor



Mike Trexler, City Controller