

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

AUDIT REPORT

OF

CITY OF BLOOMINGTON - UTILITIES

MONROE COUNTY, INDIANA

January 1, 2011 to December 31, 2011



**FILED**  
09/13/2012



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CITY OFFICIALS

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



**STATE OF INDIANA**  
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TO: THE OFFICIALS OF THE CITY OF BLOOMINGTON - UTILITIES, MONROE COUNTY

We have audited the records of the City of Bloomington - Utilities for the period from January 1, 2011 to December 31, 2011, 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 Results and Comments. The financial transactions of this office are reflected in the Annual Report of the City of Bloomington, Monroe County for the year 2011.

June 20, 2012

STATE BOARD OF ACCOUNTS

CITY OF BLOOMINGTON - UTILITIES  
AUDIT RESULTS AND COMMENTS

**MALFEASANCE**

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

We are requesting reimbursement in the amount of \$1,500 from Andrew Bengtson, Laborer. (See Summary of Charges, page 6)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF BLOOMINGTON - UTILITIES  
EXIT CONFERENCE

The contents of this report were discussed on June 6, 2012, with Timothy Mayer, President of the Common Council; Mark Kruzan, Mayor; Maria Heslin, Deputy Mayor; Margie Rice, Corporation Council; Michael Trexler, Controller; Jeff McMillian, Deputy Controller; Patrick Murphy, Utilities Director; and Michael Horstman, Utilities Finance Director.

CITY OF BLOOMINGTON - UTILITIES  
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Andrew Bengtson, Laborer: Malfesance	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ 1,500</u>

This report was forwarded to the Office of the Indiana Attorney General and the local prosecuting attorney.

AFFIDAVIT

STATE OF INDIANA )  
Morgan COUNTY )

I, Beth Goss, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the City of Bloomington, Monroe County, Indiana, for the period from January 1, 2011, to December 31, 2011, is true and correct to the best of my knowledge and belief.

Beth Goss  
Field Examiner

Subscribed and sworn to before me this 14 day of August, 2012.

Karen Howard - Trenton  
Notary Public

My Commission Expires: 9/24/12

County of Residence: Morgan