

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

EXAMINATION REPORT
OF
CITY OF BEDFORD
LAWRENCE COUNTY, INDIANA
January 1, 2010 to December 31, 2010



FILED
07/05/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Julie L. Chase	01-01-08 to 12-31-11
Mayor	Shawna M. Girgis	01-01-08 to 12-31-11
President of the Common Council	Byron L. Buker	01-01-10 to 12-31-11
President of the Board of Public Works	Shawna M. Girgis	01-01-10 to 12-31-11



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF BEDFORD, LAWRENCE COUNTY, INDIANA

We have examined the financial statement of City of Bedford (City), for the period of January 1, 2010 to December 31, 2010. The City's management is responsible for the financial statement. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2010, on the basis of accounting described in Note 1.

The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt, 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 examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

The City's response to the Examination Result(s) and Comment(s) identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the City's response and, accordingly, we express no opinion on it.

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

STATE BOARD OF ACCOUNTS

June 16, 2011

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FINANCIAL STATEMENT(S)

CITY OF BEDFORD
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General Fund	\$ 1,162,560	\$ 9,161,214	\$ 7,119,294	\$ 3,204,480
Group Insurance	53,033	117	-	53,150
Anthem/Group Insurance	935,914	2,475,978	1,886,249	1,525,643
Motor Vehicle Highway	655,983	1,228,310	1,371,579	512,714
Local Roads And Street	42,470	74,676	71,297	45,849
Park Non-Reverting Operating	35,701	71,797	62,779	44,719
Crime Control	5,000	-	-	5,000
Law Enforcement Continuing Education	15,568	18,310	12,611	21,267
Non-Reverting Electronic Map Generation	970	-	-	970
Drug Free	11	11,001	10,718	294
Park And Recreation	254,882	1,437,496	1,253,705	438,673
Otis Park Trust	18,174	5,545	20,914	2,805
FEMA 2009-FO-10320	-	13,241	8,678	4,563
Housing Rehabilitation HD-004-009	35,994	93,677	123,246	6,425
Fire Prevention	645	1,950	593	2,002
Indiana Department Of Homeland Security Grant	-	4,000	-	4,000
Comprehensive Planning Grant	-	55,000	55,000	-
Micro Loan Program	5,859	19,193	18,360	6,692
Non-Reverting Funds Otis Park	33,204	112,399	120,050	25,553
ARRA Stimulus Transportation	-	152,802	152,802	-
Rainy Day	182,841	402,261	263,610	321,492
K-9	-	192	192	-
JAG Recovery Act Grant Fund	-	15,860	15,860	-
FEMA Grant 2008-FO-10974	299	5,463	5,762	-
Alarms	864	2,600	-	3,464
2003 Dare	12,014	10,189	8,097	14,106
Levy Excess	11,887	27,042	-	38,929
TIF Redevelopment District General	698,896	463,718	1,750	1,160,864
Tax Increment Financing Debt1	319,260	-	-	319,260
Non-Reverting Funds John Lowery Pool	14,957	10,251	5,337	19,871
Fire Equipment Debt	1,706	140,019	141,725	-
Tax Increment Financing Debt2	315,948	326,693	324,815	317,826
Cumulative Capital Improvement	119,721	40,312	-	160,033
Cumulative Capital Development	299,178	144,835	115,891	328,122
Golf Carts Non-Reverting	33,487	20,000	15,248	38,239
Bedford Redevelopment Commission	25,000	23,100	-	48,100
TIF Capital Project	2,529,853	25,672	63,950	2,491,575
Non-Reverting Transit Capital	70,546	98,079	71,301	97,324
Police Pension	79,413	765,365	686,891	157,887
Fire Pension	93,150	822,713	751,613	164,250
Payroll	-	1,661,254	1,661,254	-
Payroll/Federal W/H	-	674,097	674,097	-

CITY OF BEDFORD
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Payroll/State W/H	19,530	246,552	238,166	27,916
Payroll/Fica	-	441,981	441,981	-
Payroll/County W/H	8,110	103,408	99,185	12,333
Payroll/Blue Cross	51,703	608,563	614,998	45,268
Payroll/Bonds	1,910	7,914	7,940	1,884
Payroll/Firefighters Dues	-	13,951	13,951	-
Payroll/United Way	-	4,617	4,617	-
Payroll/Medicare	-	169,567	169,567	-
Payroll/1977 Police Pension	17,958	68,955	70,012	16,901
Payroll/Perf	25,962	107,229	106,273	26,918
Payroll/Garnishments	-	59,554	59,554	-
Payroll/Aflac And American General	(81)	4,957	4,957	(81)
Payroll/American Heritage	-	3,305	3,305	-
Payroll/Christmas Clubs	-	38,510	38,510	-
Payroll/1977 Fire Pension	22,293	85,594	87,305	20,582
Payroll/Liberty Pre-Tax	-	7,445	7,445	-
Payroll/Liberty Post-Tax	-	1,989	1,989	-
Payroll/Credit Union	-	2,951	2,951	-
Payroll/Deferred Compensation	-	80,147	80,147	-
Payroll/Aflac	(25)	31,163	31,138	-
Payroll/Dd-Direct Deposit	-	3,714,950	3,714,950	-
Payroll/Vision	-	1,768	-	1,768
Payroll/Dental	-	2,412	2,634	(222)
Storm Water Fund	490	200	-	690
Tasc Bus Fares	781	7,801	8,061	521
Trash Collection Service	150,406	900,517	1,040,899	10,024
Sewer Operating	53,591	2,267,524	2,295,105	26,010
Sewer Bond And Interest	401,966	384,000	379,540	406,426
Sewer Depreciation	330,341	296,400	97,350	529,391
Sewer Insurance	25,916	26,009	14,074	37,851
Sewer Bio Solids	46,499	72,000	63,560	54,939
Sewer In Lieu Of Taxes	-	163,139	163,139	-
Water Operating	153,330	3,011,917	2,967,099	198,148
Water Bond And Interest	599,916	408,000	400,778	607,138
Water Depreciation	338,186	388,001	555,445	170,742
Water Meter Deposit	180,275	39,570	56,619	163,226
Water Tower	424,260	14,000	-	438,260
Water Insurance	35,541	15,936	35,684	15,793
Water In Lieu Of Taxes	-	251,354	251,354	-
Totals	<u>\$ 10,953,846</u>	<u>\$ 34,670,271</u>	<u>\$ 31,225,550</u>	<u>\$ 14,398,567</u>

CITY OF BEDFORD
NOTES TO FINANCIAL STATEMENT(S)

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(s) present(s) the financial information for the City (primary government), and does not include financial information for any of the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the City (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF BEDFORD
NOTES TO FINANCIAL STATEMENT(S)
(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 statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

CITY OF BEDFORD
NOTES TO FINANCIAL STATEMENT(S)
(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 BEDFORD
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The City may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the City by recording as a disbursement and replacement items purchased.

Note 6. Pension Plan(s)

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

CITY OF BEDFORD
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

CITY OF BEDFORD
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

D. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy

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

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City of Bedford's Annual Report(s) can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General Fund	Group Insurance	Anthem/Group Insurance	Motor Vehicle Highway	Local Roads And Street	Park Non-Reverting Operating	Crime Control
Cash and investments - beginning	\$ 1,162,560	\$ 53,033	\$ 935,914	\$ 655,983	\$ 42,470	\$ 35,701	\$ 5,000
Receipts:							
Taxes	4,494,460	-	-	623,266	-	-	-
Licenses and permits	36,435	-	-	-	-	-	-
Intergovernmental	3,528,208	-	-	588,076	74,676	-	-
Charges for services	787,331	-	-	8,369	-	71,797	-
Fines and forfeits	105,112	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	209,668	117	2,475,978	8,599	-	-	-
Total receipts	<u>9,161,214</u>	<u>117</u>	<u>2,475,978</u>	<u>1,228,310</u>	<u>74,676</u>	<u>71,797</u>	<u>-</u>
Disbursements:							
Personal services	5,666,967	-	1,819,648	811,026	-	25,660	-
Supplies	233,949	-	-	206,899	-	11,845	-
Other services and charges	1,010,933	-	-	73,778	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	198,647	-	-	279,775	71,297	236	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	8,798	-	66,601	101	-	25,038	-
Total disbursements	<u>7,119,294</u>	<u>-</u>	<u>1,886,249</u>	<u>1,371,579</u>	<u>71,297</u>	<u>62,779</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>2,041,920</u>	<u>117</u>	<u>589,729</u>	<u>(143,269)</u>	<u>3,379</u>	<u>9,018</u>	<u>-</u>
Cash and investments - ending	<u>\$ 3,204,480</u>	<u>\$ 53,150</u>	<u>\$ 1,525,643</u>	<u>\$ 512,714</u>	<u>\$ 45,849</u>	<u>\$ 44,719</u>	<u>\$ 5,000</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Law Enforcement Continuing Education	Non-Reverting Electronic Map Generation	Drug Free	Park And Recreation	Otis Park Trust	FEMA 2009-FO-10320	Housing Rehabilitation HD-004-009
Cash and investments - beginning	\$ 15,568	\$ 970	\$ 11	\$ 254,882	\$ 18,174	\$ -	\$ 35,994
Receipts:							
Taxes	-	-	-	897,358	-	-	-
Licenses and permits	5,870	-	-	-	-	-	-
Intergovernmental	-	-	-	69,518	-	8,245	91,796
Charges for services	3,519	-	-	427,722	-	4,996	-
Fines and forfeits	1,420	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	7,501	-	11,001	42,898	5,545	-	1,881
Total receipts	18,310	-	11,001	1,437,496	5,545	13,241	93,677
Disbursements:							
Personal services	-	-	-	877,795	-	-	-
Supplies	1,000	-	5,881	159,981	-	-	-
Other services and charges	10,689	-	4,837	172,177	-	-	32,300
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	922	-	-	10,196	20,914	8,678	90,946
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	33,556	-	-	-
Total disbursements	12,611	-	10,718	1,253,705	20,914	8,678	123,246
Excess (deficiency) of receipts over disbursements	5,699	-	283	183,791	(15,369)	4,563	(29,569)
Cash and investments - ending	\$ 21,267	\$ 970	\$ 294	\$ 438,673	\$ 2,805	\$ 4,563	\$ 6,425

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Fire Prevention	Indiana Department Of Homeland Security Grant	Comprehensive Planning Grant	Micro Loan Program	Non-Reverting Funds Otis Park	ARRA Stimulus Transportation	Rainy Day
Cash and investments - beginning	\$ 645	\$ -	\$ -	\$ 5,859	\$ 33,204	\$ -	\$ 182,841
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	4,000	49,500	-	-	86,194	138,651
Charges for services	-	-	-	-	110,313	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	1,950	-	5,500	19,193	2,086	66,608	263,610
Total receipts	<u>1,950</u>	<u>4,000</u>	<u>55,000</u>	<u>19,193</u>	<u>112,399</u>	<u>152,802</u>	<u>402,261</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	459	-	-	-	-	-	-
Other services and charges	134	-	5,500	-	117,963	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	49,500	-	-	101,908	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	18,360	2,087	50,894	263,610
Total disbursements	<u>593</u>	<u>-</u>	<u>55,000</u>	<u>18,360</u>	<u>120,050</u>	<u>152,802</u>	<u>263,610</u>
Excess (deficiency) of receipts over disbursements	<u>1,357</u>	<u>4,000</u>	<u>-</u>	<u>833</u>	<u>(7,651)</u>	<u>-</u>	<u>138,651</u>
Cash and investments - ending	<u>\$ 2,002</u>	<u>\$ 4,000</u>	<u>\$ -</u>	<u>\$ 6,692</u>	<u>\$ 25,553</u>	<u>\$ -</u>	<u>\$ 321,492</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	K-9 Fund	JAG Recovery Act Grant Fund	FEMA Grant 2008-FO-10974	Alarms	2003 Dare	Levy Excess	TIF Redevelopment District General
Cash and investments - beginning	\$ -	\$ -	\$ 299	\$ 864	\$ 12,014	\$ 11,887	\$ 698,896
Receipts:							
Taxes	-	-	-	-	-	27,042	411,282
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	7,930	5,463	-	-	-	46,643
Charges for services	-	-	-	2,600	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	192	7,930	-	-	10,189	-	5,793
Total receipts	<u>192</u>	<u>15,860</u>	<u>5,463</u>	<u>2,600</u>	<u>10,189</u>	<u>27,042</u>	<u>463,718</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	192	-	-	-	5,000	-	-
Other services and charges	-	-	-	-	3,097	-	1,750
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	7,930	5,711	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	7,930	51	-	-	-	-
Total disbursements	<u>192</u>	<u>15,860</u>	<u>5,762</u>	<u>-</u>	<u>8,097</u>	<u>-</u>	<u>1,750</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>(299)</u>	<u>2,600</u>	<u>2,092</u>	<u>27,042</u>	<u>461,968</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,464</u>	<u>\$ 14,106</u>	<u>\$ 38,929</u>	<u>\$ 1,160,864</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Tax Increment Financing Debt1	Non-Reverting Funds John Lowery Pool	Fire Equipment Debt	Tax Increment Financing Debt2	Cumulative Capital Improvement	Cumulative Capital Development	Golf Carts Non-Reverting
Cash and investments - beginning	\$ 319,260	\$ 14,957	\$ 1,706	\$ 315,948	\$ 119,721	\$ 299,178	\$ 33,487
Receipts:							
Taxes	-	-	86,385	280,050	-	134,421	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	6,693	46,643	40,312	10,414	-
Charges for services	-	10,251	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	46,941	-	-	-	20,000
Total receipts	-	10,251	140,019	326,693	40,312	144,835	20,000
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	3,500	94,783	324,815	-	-	14,994
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	1,837	-	-	-	115,891	254
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	46,942	-	-	-	-
Total disbursements	-	5,337	141,725	324,815	-	115,891	15,248
Excess (deficiency) of receipts over disbursements	-	4,914	(1,706)	1,878	40,312	28,944	4,752
Cash and investments - ending	<u>\$ 319,260</u>	<u>\$ 19,871</u>	<u>\$ -</u>	<u>\$ 317,826</u>	<u>\$ 160,033</u>	<u>\$ 328,122</u>	<u>\$ 38,239</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Bedford Redevelopment Commission	TIF Capital Project	Non-Reverting Transit Capital	Police Pension	Fire Pension	Payroll	Payroll/Federal W/H
Cash and investments - beginning	\$ 25,000	\$ 2,529,853	\$ 70,546	\$ 79,413	\$ 93,150	\$ -	\$ -
Receipts:							
Taxes	22,862	-	-	71,046	66,605	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	557,065	610,092	-	-
Charges for services	-	-	44,000	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	238	25,672	54,079	137,254	146,016	1,661,254	674,097
Total receipts	<u>23,100</u>	<u>25,672</u>	<u>98,079</u>	<u>765,365</u>	<u>822,713</u>	<u>1,661,254</u>	<u>674,097</u>
Disbursements:							
Personal services	-	-	-	549,537	605,597	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	100	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	63,950	4,694	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	66,607	137,254	146,016	1,661,254	674,097
Total disbursements	<u>-</u>	<u>63,950</u>	<u>71,301</u>	<u>686,891</u>	<u>751,613</u>	<u>1,661,254</u>	<u>674,097</u>
Excess (deficiency) of receipts over disbursements	<u>23,100</u>	<u>(38,278)</u>	<u>26,778</u>	<u>78,474</u>	<u>71,100</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 48,100</u>	<u>\$ 2,491,575</u>	<u>\$ 97,324</u>	<u>\$ 157,887</u>	<u>\$ 164,250</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Payroll/State W/H	Payroll/Fica	Payroll/County W/H	Payroll/Blue Cross	Payroll/Bonds	Payroll/Firefighters Dues	Payroll/United Way
Cash and investments - beginning	\$ 19,530	\$ -	\$ 8,110	\$ 51,703	\$ 1,910	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	246,552	441,981	103,408	608,563	7,914	13,951	4,617
Total receipts	246,552	441,981	103,408	608,563	7,914	13,951	4,617
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	238,166	441,981	99,185	614,998	7,940	13,951	4,617
Total disbursements	238,166	441,981	99,185	614,998	7,940	13,951	4,617
Excess (deficiency) of receipts over disbursements	8,386	-	4,223	(6,435)	(26)	-	-
Cash and investments - ending	\$ 27,916	\$ -	\$ 12,333	\$ 45,268	\$ 1,884	\$ -	\$ -

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Payroll/Medicare	Payroll/1977 Police Pension	Payroll/Perf	Payroll/Garnishments	Payroll/Aflac And American General	Payroll/American Heritage	Payroll/Christmas Clubs
Cash and investments - beginning	\$ -	\$ 17,958	\$ 25,962	\$ -	\$ (81)	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	169,567	68,955	107,229	59,554	4,957	3,305	38,510
Total receipts	169,567	68,955	107,229	59,554	4,957	3,305	38,510
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	169,567	70,012	106,273	59,554	4,957	3,305	38,510
Total disbursements	169,567	70,012	106,273	59,554	4,957	3,305	38,510
Excess (deficiency) of receipts over disbursements	-	(1,057)	956	-	-	-	-
Cash and investments - ending	\$ -	\$ 16,901	\$ 26,918	\$ -	\$ (81)	\$ -	\$ -

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Payroll/1977 Fire Pension	Payroll/Liberty Pre-Tax	Payroll/Liberty Post-Tax	Payroll/Credit Union	Payroll/Deferred Compensation	Payroll/Aflac	Payroll/Dd-Direct Deposit
Cash and investments - beginning	\$ 22,293	\$ -	\$ -	\$ -	\$ -	\$ (25)	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	85,594	7,445	1,989	2,951	80,147	31,163	3,714,950
Total receipts	85,594	7,445	1,989	2,951	80,147	31,163	3,714,950
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	87,305	7,445	1,989	2,951	80,147	31,138	3,714,950
Total disbursements	87,305	7,445	1,989	2,951	80,147	31,138	3,714,950
Excess (deficiency) of receipts over disbursements	(1,711)	-	-	-	-	25	-
Cash and investments - ending	\$ 20,582	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Payroll/Vision	Payroll/Dental	Storm Water Fund	Tasc Bus Fares	Trash Collection Service	Sewer Operating	Sewer Bond And Interest
Cash and investments - beginning	\$ -	\$ -	\$ 490	\$ 781	\$ 150,406	\$ 53,591	\$ 401,966
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	58,378	2,185,476	-
Other receipts	1,768	2,412	200	7,801	842,139	82,048	384,000
Total receipts	1,768	2,412	200	7,801	900,517	2,267,524	384,000
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	379,540
Capital outlay	-	-	-	-	118,306	-	-
Utility operating expenses	-	-	-	-	922,593	1,348,693	-
Other disbursements	-	2,634	-	8,061	-	946,412	-
Total disbursements	-	2,634	-	8,061	1,040,899	2,295,105	379,540
Excess (deficiency) of receipts over disbursements	1,768	(222)	200	(260)	(140,382)	(27,581)	4,460
Cash and investments - ending	\$ 1,768	\$ (222)	\$ 690	\$ 521	\$ 10,024	\$ 26,010	\$ 406,426

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Sewer Depreciation	Sewer Insurance	Sewer Bio Solids	Sewer In Lieu Of Taxes	Water Operating	Water Bond And Interest
Cash and investments - beginning	\$ 330,341	\$ 25,916	\$ 46,499	\$ -	\$ 153,330	\$ 599,916
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	2,348,713	-
Other receipts	296,400	26,009	72,000	163,139	663,204	408,000
Total receipts	296,400	26,009	72,000	163,139	3,011,917	408,000
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	400,778
Capital outlay	43,400	-	-	-	-	-
Utility operating expenses	-	14,074	63,560	148,308	1,648,505	-
Other disbursements	53,950	-	-	14,831	1,318,594	-
Total disbursements	97,350	14,074	63,560	163,139	2,967,099	400,778
Excess (deficiency) of receipts over disbursements	199,050	11,935	8,440	-	44,818	7,222
Cash and investments - ending	\$ 529,391	\$ 37,851	\$ 54,939	\$ -	\$ 198,148	\$ 607,138

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Water Depreciation	Water Meter Deposit	Water Tower	Water Insurance	Water In Lieu Of Taxes	Totals
Cash and investments - beginning	\$ 338,186	\$ 180,275	\$ 424,260	\$ 35,541	\$ -	\$ 10,953,846
Receipts:						
Taxes	-	-	-	-	-	7,114,777
Licenses and permits	-	-	-	-	-	42,305
Intergovernmental	-	-	-	-	-	5,970,119
Charges for services	-	-	-	-	-	1,470,898
Fines and forfeits	-	-	-	-	-	106,532
Utility fees	-	-	-	-	-	4,592,567
Other receipts	388,001	39,570	14,000	15,936	251,354	15,373,073
Total receipts	388,001	39,570	14,000	15,936	251,354	34,670,271
Disbursements:						
Personal services	-	-	-	-	-	10,356,230
Supplies	-	-	-	-	-	625,206
Other services and charges	-	-	-	-	-	1,871,350
Debt service - principal and interest	-	-	-	-	-	780,318
Capital outlay	-	-	-	-	-	1,194,992
Utility operating expenses	467,045	56,619	-	35,684	-	4,705,081
Other disbursements	88,400	-	-	-	251,354	11,692,373
Total disbursements	555,445	56,619	-	35,684	251,354	31,225,550
Excess (deficiency) of receipts over disbursements	(167,444)	(17,049)	14,000	(19,748)	-	3,444,721
Cash and investments - ending	\$ 170,742	\$ 163,226	\$ 438,260	\$ 15,793	\$ -	\$ 14,398,567

CITY OF BEDFORD
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2010

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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 667,320
Buildings	1,266,385
Improvements other than buildings	21,887,650
Machinery and equipment	<u>5,981,277</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 29,802,632</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 42,500
Buildings and Improvements	8,232,031
Machinery and equipment	<u>2,197,383</u>
Total Water Utility capital assets	<u>10,471,914</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	42,500
Buildings and Improvements	6,645,251
Machinery and equipment	<u>1,596,311</u>
Total Wastewater Utility capital assets	<u>8,284,062</u>
Total business-type activities capital assets	<u>\$ 18,755,976</u>

CITY OF BEDFORD
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Fire truck	\$ 165,349	\$ 97,296
Golf mowing equipment	116,924	54,253
Electric golf carts	150,999	158,732
Phone system	150,862	46,461
Bonds payable:		
Revenue bonds:		
Tax increment revenue bonds of 2007	<u>2,920,000</u>	<u>317,826</u>
Total governmental activities debt	<u>\$ 3,504,134</u>	<u>\$ 674,568</u>
Business-type activities:		
Water Utility:		
Capital leases:		
Water meter equipment	\$ 3,225,712	\$ 336,295
Notes and loans payable:		
Water revolving loan	<u>3,500,000</u>	<u>402,078</u>
Total Water Utility	<u>6,725,712</u>	<u>738,372</u>
Wastewater Utility:		
Capital leases:		
Garbage truck toters	454,036	136,459
Notes and loans payable:		
Wastewater revolving loan	<u>2,975,000</u>	<u>381,275</u>
Total Wastewater Utility	<u>3,429,036</u>	<u>517,734</u>
Total business-type activities debt	<u>\$ 10,154,748</u>	<u>\$ 1,256,106</u>

CITY OF BEDFORD
EXAMINATION RESULT(S) AND COMMENT(S)

PROCUREMENT CARDS AND ERRORS ON CLAIMS

The City of Bedford was using procurement cards as the primary mechanism for making purchases during the examination period. The Vendor Detail History for 2010 lists the total purchases from the Bank of America as \$1,255,728.75.

City Ordinance Number 40-2005 details the procedures for using procurement cards. The ordinance allows individuals to carry the procurement cards or store them in a secure place. It also lists personal or nonbusiness purchases and cash advances as purchases to avoid, but the ordinance does not specifically state the purpose for which the procurement card can be used.

Each employee wishing to obtain a card had to fill out a City of Bedford Procurement Card Agreement/Application through the Clerk-Treasurer's Office. The credit card statement for December 31, 2010, listed 91 credit cards issued to the City of Bedford.

Purchases made using the procurement cards for the month of May were reviewed during the examination. The following deficiencies were noted:

1. Purchases were made with the procurement card slip as the only supporting documentation. The City was using a form they created called a "Certification for Missing Receipt" to document why they did not have the proper supporting documentation. In some cases the explanation was that the invoice was lost.
2. Each department submitted the invoices for all procurement purchases for the month attached to one Accounts Payable Voucher. The Accounts Payable Voucher listed each invoice including the invoice date, appropriation number, vendor and amount. Many of the attached invoices were not approved by the officer or person receiving the goods and services.

The State Board of Accounts will not take exception to the use of procurement cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize procurement card use through an ordinance or resolution.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the procurement card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the procurement card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Procurement cards should be used in conjunction with the accounting system.

CITY OF BEDFORD
EXAMINATION RESULT(S) AND COMMENT(S)
(Continued)

- (7) Payment should not be made on the basis of a statement or a procurement card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.
- (9) Procurement cards shall not be used to procure cash advances or at "ATM" machine or as a debit card.
- (10) An audit trail must exist for all transaction including changes made by an "administrator."
- (11) Access to transactions in accordance with the Public Records Law, IC 5-14-3-1 et seq. as appropriate must be assured.
- (12) Procurement card agreements should not contain references to debt.
- (13) Governmental Units need to have available (if applicable) a copy of "SAS 70" audits of a sponsoring bank.

5-6) (Cities and Towns Bulletin and Uniform Compliance Guidelines Manual, September 2004, Pages

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF BEDFORD
EXAMINATION RESULT(S) AND COMMENT(S)
(Continued)

DISTRIBUTION OF GROSS REVENUES TO THE VARIOUS FUNDS - WASTEWATER

Gross revenues were not being distributed to the various Utility funds in accordance with Revenue Bond Ordinance Number 20. The required amount to be set aside was \$442,108 and the actual amount transferred was \$406,426, resulting in an underfunding in the amount of \$35,682.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF BEDFORD
EXIT CONFERENCE

The contents of this report were discussed on June 16, 2011, with Shawna M. Girgis, Mayor; Julie L. Chase, Clerk-Treasurer; Misty Adams, Utilities Director; Patrick Robbins, Common Council member; Lisa Zehr, Deputy Clerk-Treasurer; and Janie Snow, Deputy Clerk-Treasurer. The official response has been made a part of this report and may be found on pages 34 through 40.



Julie Blackwell-Chase
BEDFORD CLERK-TREASURER
LAWRENCE COUNTY, INDIANA

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, IN. 46204-2769

RE: EXAMINATION RESULTS AND COMMENTS

TO WHOM IT MAY CONCERN,

On behalf of the City of Bedford I wish to file an official response to the results and comments in the form of a letter to be bound in the report. Clerk-Treasurer, Julie Blackwell Chase

PROCUREMENT CARDS AND ERRORS ON CLAIMS

As stated in the report the City of Bedford has been using procurement cards since 2005 as the primary means of purchasing for the city. The implementation of the procurement card system began with the former clerk/treasurer as a way of tracking each purchase made by employees. It's my understanding that she sought the help of a SBOA field examiner and used the City of Bloomington ordinance as a model. Although not all employees have a procurement card, it is a precise way of monitoring each purchase made as each employee has his or her own procurement card number. City Ordinance No. 40-2005 provides strict rules and regulations required for use. After meeting with the Mayor and Department Heads, we feel that we have made the changes needed to comply with the suggestions made in the recently completed State Board of Accounts examination. We are reducing the number of employees allowed to carry cards and the travel procedures will be revised to eliminate the "Certification for Missing Receipt".

DISTRIBUTION OF GROSS REVENUES TO THE VARIOUS FUNDS-WASTEWATER

The City of Bedford calculated the maximum annual principal/interest payment for the two sewer loans by using the final column on the two debt service payment schedules for date 1/1/06 of \$344,335.00 and 1/1/2020 of \$41,160.00 (circled on the two payment schedules) for a total of \$385,495.00 which is the current certificate of deposit that is renewed each year until the bonds are paid. This amount has been set aside February, 2001 and never discussed or brought to our attention in an audit until the 2010 audit.

We asked the current auditor the parameters used to establish the maximum annual principal/interest payment and were told the maximum payment must be chosen from the same year on both schedules which we did not realize when we chose the two largest payment amounts from the two payment schedules. The 2009 auditor chose the payment year of 2002 using 1/1/2002 and 7/1/2002 as the maximum annual principal/interest payment which is shown with * on the payment schedule. Those amounts on the schedule were \$327,500.00, \$68,802.50, \$38,120.00, and \$7,685.00 as shown on the payment schedules by checkmark totaling \$442,107.50.

The payments for January 1 of each year are made in December of the previous year as we try to include those claims on the December Board of Works docket and we are not working on January 1st each year. The payment for 1/1/2002 was made in December, 2001 and the payment for 1/1/2003 was made December, 2002.

Misty Adams, Utilities Director created a spreadsheet as suggested by the current auditor including both payment schedules created into one to establish the maximum payment. From that document taking into consideration the way the payments are made, the maximum annual principal/interest payment would be \$382,675.00 which would have been made in the year 2005.

After discussing this with the Mayor and Misty I contacted Mr. Matthew Martin, Finance Manager, State Revolving Fund Loan Programs who sent his reply and I've added it in the form of an attachment. We wish that you make available our official response.

Respectfully,



Julie Blackwell Chase
Clerk/Treasurer City of Bedford
June 27th, 2011

Bedford SRF Wastewater Loans and Required Reserve

Lisa Zehr FYI From: MARTIN, MATTHEW [mailto:MMARTIN@ifa.IN.gov] Sent: Tuesday, June 21, ... Tue 6/21

Lisa Zehr

Actions 

Monday, June 27, 2011 11:38 AM

To: Julie Chase-Blackwell

From: MARTIN, MATTHEW [mailto:MMARTIN@ifa.IN.gov]
Sent: Tuesday, June 21, 2011 2:43 PM
To: Lisa Zehr
Subject: Bedford SRF Wastewater Loans and Required Reserve

Lisa, per our discussion via phone, and after my review of your outstanding SRF loans, I believe the City has sufficiently fulfilled its debt service reserve requirement. The reserve balance the City has on hand, according to you, meets the maximum annual debt service required reserve.

Please let me know if you have any questions, or need anything else.

Thanks,
Matt

Matthew D. Martin
Finance Manager, State Revolving Fund Loan Programs
100 N. Senate Ave, Room 1275
Indianapolis, IN 46204
Ph: (317) 234-1278
Fx: (317) 234-1338
E-mail: mmartin@ifa.in.gov
<http://www.srf.in.gov>

RECEIVED
JUL 10 2011
OFFICE OF THE CLERK

Payment Date	Principal Loan #1	Principal Loan #2	Interest Loan #1	Interest Loan #2	Debt Service Per Year
6/1/1999					
7/1/1999					
1/1/2000					
7/1/2000					
1/1/2001	\$ 340,000.00	\$ 40,000.00			\$ 380,000.00 \$ 380,000.00
7/1/2001			\$ 12,083.33	\$ 1,353.33	\$ 13,436.66
1/1/2002	\$ 255,000.00	\$ 30,000.00	\$ 72,500.00	\$ 8,120.00	\$ 365,620.00 \$ 379,056.66
7/1/2002			\$ 68,802.50	\$ 7,685.00	\$ 76,487.50
1/1/2003	\$ 205,000.00	\$ 20,000.00	\$ 68,802.50	\$ 7,685.00	\$ 301,487.50 \$ 377,975.00
7/1/2003			\$ 65,830.00	\$ 7,395.00	\$ 73,225.00
1/1/2004	\$ 210,000.00	\$ 25,000.00	\$ 65,830.00	\$ 7,395.00	\$ 308,225.00 \$ 381,450.00
7/1/2004			\$ 62,785.00	\$ 7,032.50	\$ 69,817.50
1/1/2005	\$ 215,000.00	\$ 25,000.00	\$ 62,785.00	\$ 7,032.50	\$ 309,817.50 \$ 379,635.00
7/1/2005			\$ 59,667.50	\$ 6,670.00	\$ 66,337.50
1/1/2006	\$ 225,000.00	\$ 25,000.00	\$ 59,667.50	\$ 6,670.00	\$ 316,337.50 \$ 382,675.00
7/1/2006			\$ 56,405.00	\$ 6,307.50	\$ 62,712.50
1/1/2007	\$ 230,000.00	\$ 25,000.00	\$ 56,405.00	\$ 6,307.50	\$ 317,712.50 \$ 380,425.00
7/1/2007			\$ 53,070.00	\$ 5,945.00	\$ 59,015.00
1/1/2008	\$ 235,000.00	\$ 25,000.00	\$ 53,070.00	\$ 5,945.00	\$ 319,015.00 \$ 378,030.00
7/1/2008			\$ 49,662.50	\$ 5,582.50	\$ 55,245.00
1/1/2009	\$ 245,000.00	\$ 25,000.00	\$ 49,662.50	\$ 5,582.50	\$ 325,245.00 \$ 380,490.00
7/1/2009			\$ 46,110.00	\$ 5,220.00	\$ 51,330.00
1/1/2010	\$ 250,000.00	\$ 30,000.00	\$ 46,110.00	\$ 5,220.00	\$ 331,330.00 \$ 382,660.00

7/1/2010				\$ 42,485.00	\$ 4,785.00	\$ 47,270.00	
1/1/2011	\$ 255,000.00	\$ 30,000.00	\$ 42,485.00	\$ 4,785.00	\$ 332,270.00	\$ 379,540.00	
7/1/2011			\$ 38,787.50	\$ 4,350.00	\$ 43,137.50		
1/1/2012	\$ 265,000.00	\$ 30,000.00	\$ 38,787.50	\$ 4,350.00	\$ 338,137.50	\$ 381,275.00	
7/1/2012			\$ 34,945.00	\$ 3,915.00	\$ 38,860.00		
1/1/2013	\$ 270,000.00	\$ 30,000.00	\$ 34,945.00	\$ 3,915.00	\$ 338,860.00	\$ 377,720.00	
7/1/2013			\$ 31,030.00	\$ 3,480.00	\$ 34,510.00		
1/1/2014	\$ 280,000.00	\$ 30,000.00	\$ 31,030.00	\$ 3,480.00	\$ 344,510.00	\$ 379,020.00	
7/1/2014			\$ 26,970.00	\$ 3,045.00	\$ 30,015.00		
1/1/2015	\$ 290,000.00	\$ 30,000.00	\$ 26,970.00	\$ 3,045.00	\$ 350,015.00	\$ 380,030.00	
7/1/2015			\$ 22,765.00	\$ 2,610.00	\$ 25,375.00		
1/1/2016	\$ 295,000.00	\$ 35,000.00	\$ 22,765.00	\$ 2,610.00	\$ 355,375.00	\$ 380,750.00	
7/1/2016			\$ 18,487.50	\$ 2,102.50	\$ 20,590.00		
1/1/2017	\$ 305,000.00	\$ 35,000.00	\$ 18,487.50	\$ 2,102.50	\$ 360,590.00	\$ 381,180.00	
7/1/2017			\$ 14,065.00	\$ 1,595.00	\$ 15,660.00		
1/1/2018	\$ 315,000.00	\$ 35,000.00	\$ 14,065.00	\$ 1,595.00	\$ 365,660.00	\$ 381,320.00	
7/1/2018			\$ 9,497.50	\$ 1,087.50	\$ 10,585.00		
1/1/2019	\$ 325,000.00	\$ 35,000.00	\$ 9,497.50	\$ 1,087.50	\$ 370,585.00	\$ 381,170.00	
7/1/2019			\$ 4,785.00	\$ 580.00	\$ 5,365.00		
1/1/2020	\$ 330,000.00	\$ 40,000.00	\$ 4,785.00	\$ 580.00	\$ 375,365.00	\$ 380,730.00	
	\$ 5,340,000.00	\$ 600,000.00	\$ 1,496,883.33	\$ 168,248.33	\$ 7,605,131.66	\$ 7,605,131.66	

BEDFORD (INDIANA) MUNICIPAL SEWAGE WORKS

**SCHEDULE OF AMORTIZATION OF \$600,000 PRINCIPAL AMOUNT
OF PROPOSED SEWAGE WORKS REVENUE BONDS OF 1999, SERIES B**

Principal payable annually, January 1st, beginning on January 1, 2001.

Interest payable semi-annually, January 1st and July 1st, beginning on July 1, 2001.

Assumes bonds dated June 1, 1999.

Assumes two years of no interest

Payment Date(s)	Principal		Assumed Interest Rate(s) (%)	Debt Service		Bond Year Debt Service
	Balance	Principal		Interest	Total	
	(— In 1,000's —)					
06/01/99						
07/01/99	\$600			\$0.00	\$0.00	
01/01/00	600	50		0.00	0.00	\$0.00
07/01/00	600			0.00	0.00	
01/01/01	600	40		0.00	40,000.00	40,000.00
07/01/01	560			1,353.33	1,353.33	
* 01/01/02	560	30	2.90	8,120.00	38,120.00	39,473.33
* 07/01/02	530			7,685.00	7,685.00	
01/01/03	530	20	2.90	7,685.00	27,685.00	35,370.00
07/01/03	510			7,395.00	7,395.00	
01/01/04	510	25	2.90	7,395.00	32,395.00	39,790.00
07/01/04	485			7,032.50	7,032.50	
01/01/05	485	25	2.90	7,032.50	32,032.50	39,065.00
07/01/05	460			6,670.00	6,670.00	
01/01/06	460	25	2.90	6,670.00	31,670.00	38,340.00
07/01/06	435			6,307.50	6,307.50	
01/01/07	435	25	2.90	6,307.50	31,307.50	37,615.00
07/01/07	410			5,945.00	5,945.00	
01/01/08	410	25	2.90	5,945.00	30,945.00	36,890.00
07/01/08	385			5,582.50	5,582.50	
01/01/09	385	25	2.90	5,582.50	30,582.50	36,165.00
07/01/09	360			5,220.00	5,220.00	
01/01/10	360	30	2.90	5,220.00	35,220.00	40,440.00
07/01/10	330			4,785.00	4,785.00	
01/01/11	330	30	2.90	4,785.00	34,785.00	39,570.00
07/01/11	300			4,350.00	4,350.00	
01/01/12	300	30	2.90	4,350.00	34,350.00	38,700.00
07/01/12	270			3,915.00	3,915.00	
01/01/13	270	30	2.90	3,915.00	33,915.00	37,830.00
07/01/13	240			3,480.00	3,480.00	
01/01/14	240	30	2.90	3,480.00	33,480.00	36,960.00
07/01/14	210			3,045.00	3,045.00	
01/01/15	210	30	2.90	3,045.00	33,045.00	36,090.00
07/01/15	180			2,610.00	2,610.00	
01/01/16	180	35	2.90	2,610.00	37,610.00	40,220.00
07/01/16	145			2,102.50	2,102.50	
01/01/17	145	35	2.90	2,102.50	37,102.50	39,205.00
07/01/17	110			1,595.00	1,595.00	
01/01/18	110	35	2.90	1,595.00	36,595.00	38,190.00
07/01/18	75			1,087.50	1,087.50	
01/01/19	75	35	2.90	1,087.50	36,087.50	37,175.00
07/01/19	40			580.00	580.00	
01/01/20	40	40	2.90	580.00	40,580.00	41,160.00
Totals		\$600		\$168,248.33	\$768,248.33	\$768,248.33

(Subject to the comments in the attached letter dated December 28, 1999 of H.J. Umbaugh & Associates.)

* SBOA max payment year

H. J. UMBROUGH & ASSOCIATES, C
PUBLIC ACCOUNTANTS, LLP

BEDFORD (INDIANA) MUNICIPAL SEWAGE WORKS

**SCHEDULE OF AMORTIZATION OF \$5,340,000 PRINCIPAL AMOUNT
OF SEWAGE WORKS REVENUE BONDS OF 1999 SERIES A**

385,495⁰⁰

Principal payable annually, January 1st, beginning on January 1, 2001.
Interest payable semi-annually, January 1st and July 1st, beginning on July 1, 2001.
Assumes bonds dated June 1, 1999.
Assumes two years of no interest

Payment Date(s)	Principal Balance (— in 1,000's —)	Principal	Assumed Interest Rate(s) (%)	Debt Service		Bond Year Debt Service
				Interest	Total	
06/01/99						
07/01/99	\$5,340			\$0.00	\$0.00	
01/01/00	5,340	\$0		0.00	0.00	\$0.00
07/01/00	5,340			0.00	0.00	
01/01/01	5,340	340		0.00	340,000.00	340,000.00
07/01/01	5,000			12,083.33	12,083.33	
* 01/01/02	5,000	255 ✓	2.90	72,500.00	327,500.00 ✓	339,583.33
* 07/01/02	4,745			68,802.50	68,802.50 ✓	
01/01/03	4,745	205	2.90	68,802.50	273,802.50	342,605.00
07/01/03	4,540			65,830.00	65,830.00	
01/01/04	4,540	210	2.90	65,830.00	275,830.00	341,660.00
07/01/04	4,330			62,785.00	62,785.00	
01/01/05	4,330	215	2.90	62,785.00	277,785.00	340,570.00
07/01/05	4,115			59,667.50	59,667.50	
01/01/06	4,115	225	2.90	59,667.50	284,667.50	344,335.00
07/01/06	3,890			56,405.00	56,405.00	
01/01/07	3,890	230	2.90	56,405.00	286,405.00	342,810.00
07/01/07	3,660			53,070.00	53,070.00	
01/01/08	3,660	235	2.90	53,070.00	288,070.00	341,140.00
07/01/08	3,425			49,662.50	49,662.50	
01/01/09	3,425	245	2.90	49,662.50	294,662.50	344,325.00
07/01/09	3,180			46,110.00	46,110.00	
01/01/10	3,180	250	2.90	46,110.00	296,110.00	342,220.00
07/01/10	2,930			42,485.00	42,485.00	
01/01/11	2,930	255	2.90	42,485.00	297,485.00	339,970.00
07/01/11	2,675			38,787.50	38,787.50	
01/01/12	2,675	265	2.90	38,787.50	303,787.50	342,575.00
07/01/12	2,410			34,945.00	34,945.00	
01/01/13	2,410	270	2.90	34,945.00	304,945.00	339,890.00
07/01/13	2,140			31,030.00	31,030.00	
01/01/14	2,140	280	2.90	31,030.00	311,030.00	342,060.00
07/01/14	1,860			26,970.00	26,970.00	
01/01/15	1,860	290	2.90	26,970.00	316,970.00	343,940.00
07/01/15	1,570			22,765.00	22,765.00	
01/01/16	1,570	295	2.90	22,765.00	317,765.00	340,530.00
07/01/16	1,275			18,487.50	18,487.50	
01/01/17	1,275	305	2.90	18,487.50	323,487.50	341,975.00
07/01/17	970			14,065.00	14,065.00	
01/01/18	970	315	2.90	14,065.00	329,065.00	343,130.00
07/01/18	655			9,497.50	9,497.50	
01/01/19	655	325	2.90	9,497.50	334,497.50	343,995.00
07/01/19	330			4,785.00	4,785.00	
01/01/20	330	330	2.90	4,785.00	334,785.00	339,570.00
Totals		\$5,340		\$1,496,883.33	\$6,836,883.33	\$6,836,883.33

(Subject to the comments in the attached letter dated December 28, 1999 of H.J. Umbaugh & Associates.)

* SBOA max payment year

H. J. UMBAGH & ASSOCIATES, LLP PUBLIC ACCOUNTANTS, LLP