

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CITY OF BEDFORD  
LAWRENCE COUNTY, INDIANA

January 1, 2013 to December 31, 2013



**FILED**  
12/10/2014



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report .....	3-5
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 <i>Government Auditing Standards</i> .....	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	10-11
Notes to Financial Statement .....	12-18
Supplementary Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	20-31
Schedule of Payables and Receivables .....	32
Schedule of Leases and Debt .....	33
Schedule of Capital Assets.....	34
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance.....	36-37
Schedule of Expenditures of Federal Awards and Accompanying Note:	
Schedule of Expenditures of Federal Awards.....	40
Note to Schedule of Expenditures of Federal Awards .....	41
Schedule of Findings and Questioned Costs .....	42-44
Auditee Prepared Document:	
Corrective Action Plan .....	46-47
Other Report .....	48

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Julie L. Blackwell Chase	01-01-12 to 12-31-15
Mayor	Shawna M. Girgis	01-01-12 to 12-31-15
President of the Board of Public Works and Safety	Shawna M. Girgis	01-01-12 to 12-31-15
President Pro Tempore of the Common Council	Byron L. Buker	01-01-13 to 12-31-14
Utility Director	Misty Adams	01-01-13 to 12-31-14



## INDEPENDENT AUDITOR'S REPORT

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

### ***Report on the Financial Statement***

We have audited the accompanying financial statement of the City of Bedford (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 October 17, 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

October 17, 2014



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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 BEDFORD, LAWRENCE 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 Bedford (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 October 17, 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 items 2013-001 and 2013-002 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***

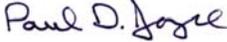
As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 Bedford'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

October 17, 2014

(This page intentionally left blank.)

## 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 BEDFORD  
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 FUND	\$ 4,242,200	\$ 8,277,164	\$ 8,309,493	\$ 4,209,871
MVH-MOTOR VEHICLE HIGHWAY	857,662	1,618,768	1,409,149	1,067,281
LRS- LOCAL ROADS & STREET	38,946	72,869	-	111,815
PARK N/R	63,512	44,707	35,076	73,143
CRIME CONTROL FUND	5,000	-	-	5,000
LOCAL LAW ENF CONT ED	17,734	19,514	15,494	21,754
ELECTRONIC MAP GENERATI O	988	3	-	991
PARK & RECREATION	676,301	1,502,622	1,503,122	675,801
RAINY DAY	321,492	-	272,778	48,714
LEVY EXCESS	38,783	-	38,783	-
CUM CAP IMP - CIG TAX	63,799	36,007	25,920	73,886
CUM CAP DEVELOPMENT	318,195	147,573	199,866	265,902
N/R GOLF CARTS	28,792	63,449	54,922	37,319
TIF REDEV DIST CAPITAL FD	765,361	4,115	-	769,476
ANTHEM/GRP INSURANCE	2,450,138	2,587,763	2,097,434	2,940,467
POLICE PENSION	260,019	579,881	541,603	298,297
FIRE PENSION	269,068	690,535	639,825	319,778
LOCAL OPTION INCOME TAX	728,210	719,946	749,566	698,590
IND HISTORIC PATHWAY GRNT	-	3,400	-	3,400
FEMA 2009-FO-10320	-	8,076	8,076	-
HARP COMMONS GRANT FUND	35,000	48,278	63,926	19,352
IN DEPT OF HMLND SEC GRNT	-	7,704	7,704	-
OTIS MERCHANDISE SALES	52	30,556	29,177	1,431
PARK N/R SHELTER DEPOSITS	1,475	25,875	25,365	1,985
OTIS TRUST FUND	1,076	2,711	2,376	1,411
N/R OTIS PARK	83,890	75,848	56,141	103,597
N/R JOHN LOWERY POOL	5,150	8,096	3,500	9,746
DARE FUND	9,992	8,986	8,121	10,857
LCLCC-DRUG FREE FUND	413	8,300	8,281	432
FIRE PREVENTION FUND	3,942	1,700	643	4,999
HOUSING REHAB HD 000-009	2,759	8	-	2,767
MICRO LN PRG 89-001M G	8,353	830	-	9,183
3286ALARMS	6,924	1,775	-	8,699
PETTY CASH & CHANGE FUNDS	1,815	-	-	1,815
TIF REDEV DIST GENERAL FD	2,197,233	675,180	122,074	2,750,339
TIF BOND PRINCIPAL & INTE	318,360	314,194	315,760	316,794
TIF DEBT SERV RES ACCOUNT	319,260	-	-	319,260
BEDFORD REDEVELOPMENT COM	60,970	6,023	-	66,993
N/R TRANSIT CAP IMP FUND	130,975	42,073	58,355	114,693
ARRA STIMULUS TRANSPORTAT	-	143,662	143,662	-
TASC BUS FARES	808	9,811	9,676	943
PAYROLL	-	1,183,431	1,183,431	-
PAYROLL/FEDERAL W/H	-	768,310	768,310	-
PAYROLL/FICA	-	442,550	442,550	-

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

CITY OF BEDFORD  
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
PAYROLL/MEDICARE	-	174,289	174,289	-
PAYROLL/STATE W/H	20,813	251,791	253,169	19,435
PAYROLL/COUNTY W/H	8,687	105,351	106,005	8,033
PAYROLL/PERF	-	104,884	104,884	-
PAYROLL/1977 POLICE PENSI	-	74,237	74,237	-
PAYROLL/1977 FIRE PENSION	-	88,539	88,539	-
AM FID/HEALTH FSA PRE-TAX	-	11,718	11,718	-
AM FID ASSUR/PRE-TAX	-	4,458	4,458	-
AM FID ASSUR/POST-TAX	-	11,929	11,929	-
PAYROLL/VISION	(19)	21,881	21,849	13
PAYROLL/DENTAL	(314)	5,974	5,904	(244)
PAYROLL/BLUE CROSS	43,716	575,142	573,191	45,667
PAYROLL/FIREFIGHTERS DUE	-	13,882	13,882	-
PAYROLL/BONDS	-	5,374	5,374	-
PAYROLL/AMERICAN HERITAGE	-	1,787	1,787	-
PAYROLL/AFLAC (POST TAX)	-	1,874	1,874	-
PAYROLL/GARNISHMENTS	-	79,264	79,264	-
PAYROLL/DEFERRED COMPENSA	-	72,655	72,655	-
PAYROLL/UNITED WAY	-	1,768	1,768	-
PAYROLL/LIBERTY PRE-TAX	547	8,698	9,085	160
PAYROLL/AFLAC 125	-	22,864	22,864	-
PAYROLL/DD-DIRECT DEPOSIT	-	4,241,129	4,241,129	-
PAYROLL/LIBERTY POST-TAX	187	10,494	10,144	537
PAYROLL/AFLAC CI	-	3,162	3,172	(10)
STORM WATER FUND	-	640,342	155,869	484,473
STORM WAT GRNT DR2-09-235	-	441,724	420,506	21,218
TRASH COLLECTION SERVICE	426	865,346	794,543	71,229
SEWER OPERATING	23,671	2,798,652	2,614,730	207,593
SEWER DEPRECIATION	123,590	433,396	249,828	307,158
SEWER BOND & INT	423,431	384,000	379,020	428,411
SEWER INSURANCE FUND	46,567	27,874	42,035	32,406
SEWER BIO SOLIDS FUND	49,447	96,000	54,466	90,981
SEWER IN LIEU OF TAXES	-	139,412	136,447	2,965
WATER OPERATING	1,379	3,756,073	3,390,986	366,466
WATER DEPRECIATION	172,105	654,063	523,323	302,845
WATER BOND & INTEREST	617,973	408,000	403,808	622,165
WAT TR PLT GRT DR2-09-243	-	195,702	195,702	-
WATER TOWER FUND	150,482	283,000	381,748	51,734
WATER INSURANCE FUND	16,645	50,303	58,648	8,300
WATER IN LIEU OF TAXES FU	-	177,885	177,885	-
<b>Totals</b>	<b>\$ 16,033,980</b>	<b>\$ 37,427,209</b>	<b>\$ 35,022,873</b>	<b>\$ 18,438,316</b>

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

CITY OF BEDFORD  
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, public transportation 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 BEDFORD  
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 BEDFORD  
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 BEDFORD  
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, National Credit Union Administration 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 BEDFORD  
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 BEDFORD  
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 timing differences for various insurance premiums at year-end.

**Note 8. Subsequent Events**

The City was designated a 2013 Stellar Community, a collaboration of Indiana State Agencies to pool program funding sources to assist communities in achieving long-term comprehensive strategic goals for targeted areas of their respective community. Four federal grant agreements through the Indiana Department of Transportation have been entered as follows: Milwaukee Depot relocation and rehabilitation, \$2,144,400; Streetscapes Phase 1, \$642,600; Streetscapes Phase 2, \$642,600; and Limestone Trail, \$2,570,400.

The City issued Water and Wastewater Revenue Bond Anticipation Notes, dated September 18, 2014, for various utility infrastructure projects in the amounts of \$5,500,000 and \$6,000,000, respectively. Interest only payments will be made until the maturity date of January 1, 2019.

CITY OF BEDFORD  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 9. *Other Postemployment Benefits***

Those employees who have opted for early retirement incentives receive health insurance at employee cost until the employee becomes eligible for Medicare. These benefits pose a liability to the City for this year and in future years. Information regarding the benefits can be obtained by contacting the City.

## 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 BEDFORD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013

	GENERAL FUND	MVH-MOTOR VEHICLE HIGHWAY	LRS- LOCAL ROADS & STREET	PARK N/R	CRIME CONTROL FUND	LOCAL LAW ENF CONT ED	ELECTRONIC MAP GENERATI O	PARK & RECREATION
Cash and investments - beginning	\$ 4,242,200	\$ 857,662	\$ 38,946	\$ 63,512	\$ 5,000	\$ 17,734	\$ 988	\$ 676,301
Receipts:								
Taxes	4,810,372	1,140,154	-	-	-	-	-	1,050,442
Licenses and permits	205,721	-	-	-	-	10,370	-	-
Intergovernmental	2,951,030	450,158	72,869	-	-	-	-	69,431
Charges for services	85,885	2,661	-	44,707	-	1,560	3	367,436
Fines and forfeits	78,850	-	-	-	-	1,584	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	145,306	25,795	-	-	-	6,000	-	15,313
Total receipts	<u>8,277,164</u>	<u>1,618,768</u>	<u>72,869</u>	<u>44,707</u>	<u>-</u>	<u>19,514</u>	<u>3</u>	<u>1,502,622</u>
Disbursements:								
Personal services	5,395,939	860,932	-	23,853	-	-	-	927,735
Supplies	335,163	208,861	-	10,496	-	1,000	-	196,933
Other services and charges	1,272,091	120,362	-	-	-	12,000	-	244,439
Debt service - principal and interest	100,000	-	-	-	-	-	-	-
Capital outlay	1,191,417	218,994	-	257	-	2,494	-	120,139
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	14,883	-	-	470	-	-	-	13,876
Total disbursements	<u>8,309,493</u>	<u>1,409,149</u>	<u>-</u>	<u>35,076</u>	<u>-</u>	<u>15,494</u>	<u>-</u>	<u>1,503,122</u>
Excess (deficiency) of receipts over disbursements	<u>(32,329)</u>	<u>209,619</u>	<u>72,869</u>	<u>9,631</u>	<u>-</u>	<u>4,020</u>	<u>3</u>	<u>(500)</u>
Cash and investments - ending	<u>\$ 4,209,871</u>	<u>\$ 1,067,281</u>	<u>\$ 111,815</u>	<u>\$ 73,143</u>	<u>\$ 5,000</u>	<u>\$ 21,754</u>	<u>\$ 991</u>	<u>\$ 675,801</u>

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

	RAINY DAY	LEVY EXCESS	CUM CAP IMP - CIG TAX	CUM CAP DEVELOPMENT	N/R GOLF CARTS	TIF REDEV DIST CAPITAL FD	ANTHEM/GRP INSURANCE
Cash and investments - beginning	\$ 321,492	\$ 38,783	\$ 63,799	\$ 318,195	\$ 28,792	\$ 765,361	\$ 2,450,138
Receipts:							
Taxes	-	-	-	138,424	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	36,007	9,149	-	-	-
Charges for services	-	-	-	-	59,253	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	4,196	4,115	2,587,763
Total receipts	-	-	36,007	147,573	63,449	4,115	2,587,763
Disbursements:							
Personal services	-	-	-	-	-	-	2,093,582
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	203,003	-	-	-	50,716	-	-
Capital outlay	69,775	-	25,920	199,866	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	38,783	-	-	4,206	-	3,852
Total disbursements	272,778	38,783	25,920	199,866	54,922	-	2,097,434
Excess (deficiency) of receipts over disbursements	(272,778)	(38,783)	10,087	(52,293)	8,527	4,115	490,329
Cash and investments - ending	\$ 48,714	\$ -	\$ 73,886	\$ 265,902	\$ 37,319	\$ 769,476	\$ 2,940,467

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

	POLICE PENSION	FIRE PENSION	LOCAL OPTION INCOME TAX	IND HISTORIC PATHWAY GRNT	FEMA 2009-FO-10320	HARP COMMONS GRANT FUND	IN DEPT OF HMLND SEC GRNT
Cash and investments - beginning	\$ 260,019	\$ 269,068	\$ 728,210	\$ -	\$ -	\$ 35,000	\$ -
Receipts:							
Taxes	56,949	65,263	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	521,502	623,842	719,946	-	-	-	3,852
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	1,430	1,430	-	3,400	8,076	48,278	3,852
Total receipts	<u>579,881</u>	<u>690,535</u>	<u>719,946</u>	<u>3,400</u>	<u>8,076</u>	<u>48,278</u>	<u>7,704</u>
Disbursements:							
Personal services	541,603	639,673	749,566	-	-	-	-
Supplies	-	152	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	8,076	45,008	3,852
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	18,918	3,852
Total disbursements	<u>541,603</u>	<u>639,825</u>	<u>749,566</u>	<u>-</u>	<u>8,076</u>	<u>63,926</u>	<u>7,704</u>
Excess (deficiency) of receipts over disbursements	<u>38,278</u>	<u>50,710</u>	<u>(29,620)</u>	<u>3,400</u>	<u>-</u>	<u>(15,648)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 298,297</u>	<u>\$ 319,778</u>	<u>\$ 698,590</u>	<u>\$ 3,400</u>	<u>\$ -</u>	<u>\$ 19,352</u>	<u>\$ -</u>

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

	OTIS MERCHANDISE SALES	PARK N/R SHELTER DEPOSITS	OTIS TRUST FUND	N/R OTIS PARK	N/R JOHN LOWERY POOL	DARE FUND	LCLCC-DRUG FREE FUND
Cash and investments - beginning	\$ 52	\$ 1,475	\$ 1,076	\$ 83,890	\$ 5,150	\$ 9,992	\$ 413
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	39,232	-	-	-
Fines and forfeits	-	25,875	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	30,556	-	2,711	36,616	8,096	8,986	8,300
Total receipts	<u>30,556</u>	<u>25,875</u>	<u>2,711</u>	<u>75,848</u>	<u>8,096</u>	<u>8,986</u>	<u>8,300</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	4,934	2,837
Other services and charges	-	-	-	-	3,500	3,187	4,800
Debt service - principal and interest	-	-	-	53,311	-	-	-
Capital outlay	-	-	2,376	-	-	-	644
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	29,177	25,365	-	2,830	-	-	-
Total disbursements	<u>29,177</u>	<u>25,365</u>	<u>2,376</u>	<u>56,141</u>	<u>3,500</u>	<u>8,121</u>	<u>8,281</u>
Excess (deficiency) of receipts over disbursements	<u>1,379</u>	<u>510</u>	<u>335</u>	<u>19,707</u>	<u>4,596</u>	<u>865</u>	<u>19</u>
Cash and investments - ending	<u>\$ 1,431</u>	<u>\$ 1,985</u>	<u>\$ 1,411</u>	<u>\$ 103,597</u>	<u>\$ 9,746</u>	<u>\$ 10,857</u>	<u>\$ 432</u>

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

	FIRE PREVENTION FUND	HOUSING REHAB HD 000-009	MICRO LN PRG 89-001M G	3286 ALARMS	PETTY CASH & CHANGE FUNDS	TIF REDEV DIST GENERAL FD	TIF BOND PRINCIPAL & INTE
Cash and investments - beginning	\$ 3,942	\$ 2,759	\$ 8,353	\$ 6,924	\$ 1,815	\$ 2,197,233	\$ 318,360
Receipts:							
Taxes	-	-	-	-	-	668,325	314,194
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	1,775	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	1,700	8	830	-	-	6,855	-
Total receipts	<u>1,700</u>	<u>8</u>	<u>830</u>	<u>1,775</u>	<u>-</u>	<u>675,180</u>	<u>314,194</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	228	-	-	-	-	-	-
Other services and charges	415	-	-	-	-	122,074	400
Debt service - principal and interest	-	-	-	-	-	-	315,360
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>643</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,074</u>	<u>315,760</u>
Excess (deficiency) of receipts over disbursements	<u>1,057</u>	<u>8</u>	<u>830</u>	<u>1,775</u>	<u>-</u>	<u>553,106</u>	<u>(1,566)</u>
Cash and investments - ending	<u>\$ 4,999</u>	<u>\$ 2,767</u>	<u>\$ 9,183</u>	<u>\$ 8,699</u>	<u>\$ 1,815</u>	<u>\$ 2,750,339</u>	<u>\$ 316,794</u>

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

	TIF DEBT SERV RES ACCOUNT	BEDFORD REDEVELOPMENT COM	N/R TRANSIT CAP IMP FUND	ARRA STIMULUS TRANSPORTAT	TASC BUS FARES	PAYROLL	PAYROLL/ FEDERAL W/H
Cash and investments - beginning	\$ 319,260	\$ 60,970	\$ 130,975	\$ -	\$ 808	\$ -	\$ -
Receipts:							
Taxes	-	5,841	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	40,011	143,662	-	-	-
Charges for services	-	-	-	-	9,811	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	182	2,062	-	-	1,183,431	768,310
Total receipts	-	6,023	42,073	143,662	9,811	1,183,431	768,310
Disbursements:							
Personal services	-	-	-	-	-	1,183,431	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	58,355	141,600	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	2,062	9,676	-	768,310
Total disbursements	-	-	58,355	143,662	9,676	1,183,431	768,310
Excess (deficiency) of receipts over disbursements	-	6,023	(16,282)	-	135	-	-
Cash and investments - ending	\$ 319,260	\$ 66,993	\$ 114,693	\$ -	\$ 943	\$ -	\$ -

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

	<u>PAYROLL/FICA</u>	<u>PAYROLL/ MEDICARE</u>	<u>PAYROLL/STATE W/H</u>	<u>PAYROLL/COUNTY W/H</u>	<u>PAYROLL/PERF</u>	<u>PAYROLL/1977 POLICE PENSI</u>	<u>PAYROLL/1977 FIRE PENSION</u>
Cash and investments - beginning	\$ -	\$ -	\$ 20,813	\$ 8,687	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	442,550	174,289	251,791	105,351	104,884	74,237	88,539
Total receipts	<u>442,550</u>	<u>174,289</u>	<u>251,791</u>	<u>105,351</u>	<u>104,884</u>	<u>74,237</u>	<u>88,539</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	442,550	174,289	253,169	106,005	104,884	74,237	88,539
Total disbursements	<u>442,550</u>	<u>174,289</u>	<u>253,169</u>	<u>106,005</u>	<u>104,884</u>	<u>74,237</u>	<u>88,539</u>
Excess (deficiency) of receipts over disbursements	-	-	(1,378)	(654)	-	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,435</u>	<u>\$ 8,033</u>	<u>\$ -</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, 2013  
 (Continued)

	AM FID/HEALTH FSA PRE-TAX	AM FID ASSUR/PRE-TAX	AM FID ASSUR/POST-TAX	PAYROLL/VISION	PAYROLL/DENTAL	PAYROLL/BLUE CROSS	PAYROLL/ FIREFIGHTERS DUE
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (19)	\$ (314)	\$ 43,716	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	11,718	4,458	11,929	21,881	5,974	575,142	13,882
Total receipts	<u>11,718</u>	<u>4,458</u>	<u>11,929</u>	<u>21,881</u>	<u>5,974</u>	<u>575,142</u>	<u>13,882</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	11,718	4,458	11,929	21,849	5,904	573,191	13,882
Total disbursements	<u>11,718</u>	<u>4,458</u>	<u>11,929</u>	<u>21,849</u>	<u>5,904</u>	<u>573,191</u>	<u>13,882</u>
Excess (deficiency) of receipts over disbursements	-	-	-	32	70	1,951	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13</u>	<u>\$ (244)</u>	<u>\$ 45,667</u>	<u>\$ -</u>

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

	PAYROLL/ BONDS	PAYROLL/ AMERICAN HERITAGE	PAYROLL/AFLAC (POST TAX)	PAYROLL/ GARNISHMENTS	PAYROLL/ DEFERRED COMPENSA	PAYROLL/ UNITED WAY	PAYROLL/ LIBERTY PRE-TAX
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 547
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	5,374	1,787	1,874	79,264	72,655	1,768	8,698
Total receipts	5,374	1,787	1,874	79,264	72,655	1,768	8,698
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	5,374	1,787	1,874	79,264	72,655	1,768	9,085
Total disbursements	5,374	1,787	1,874	79,264	72,655	1,768	9,085
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	(387)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 160

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

	PAYROLL/AFLAC 125	PAYROLL/DD-DIRECT DEPOSIT	PAYROLL/LIBERTY POST-TAX	PAYROLL/AFLAC CI	STORM WATER FUND	STORM WAT GRNT DR2-09-235	TRASH COLLECTION SERVICE
Cash and investments - beginning	\$ -	\$ -	\$ 187	\$ -	\$ -	\$ -	\$ 426
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	278,611	-
Charges for services	-	-	-	-	-	-	856,060
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	632,204	-	-
Other receipts	22,864	4,241,129	10,494	3,162	8,138	163,113	9,286
Total receipts	22,864	4,241,129	10,494	3,162	640,342	441,724	865,346
Disbursements:							
Personal services	-	-	-	-	16,832	-	561,652
Supplies	-	-	-	-	-	-	152,490
Other services and charges	-	-	-	-	-	-	40,771
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	210,429	8,572
Utility operating expenses	-	-	-	-	134,252	-	-
Other disbursements	22,864	4,241,129	10,144	3,172	4,785	210,077	31,058
Total disbursements	22,864	4,241,129	10,144	3,172	155,869	420,506	794,543
Excess (deficiency) of receipts over disbursements	-	-	350	(10)	484,473	21,218	70,803
Cash and investments - ending	\$ -	\$ -	\$ 537	\$ (10)	\$ 484,473	\$ 21,218	\$ 71,229

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

	SEWER OPERATING	SEWER DEPRECIATION	SEWER BOND & INT	SEWER INSURANCE FUND	SEWER BIO SOLIDS FUND	SEWER IN LIEU OF TAXES	WATER OPERATING
Cash and investments - beginning	\$ 23,671	\$ 123,590	\$ 423,431	\$ 46,567	\$ 49,447	\$ -	\$ 1,379
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	2,626,090	-	-	-	-	-	3,287,821
Other receipts	172,562	433,396	384,000	27,874	96,000	139,412	468,252
Total receipts	<u>2,798,652</u>	<u>433,396</u>	<u>384,000</u>	<u>27,874</u>	<u>96,000</u>	<u>139,412</u>	<u>3,756,073</u>
Disbursements:							
Personal services	543,831	-	-	-	-	-	570,468
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	42,018	-	-	-
Debt service - principal and interest	-	-	379,020	-	-	-	-
Capital outlay	276,658	-	-	-	54,466	-	125,563
Utility operating expenses	860,534	-	-	-	-	-	1,205,701
Other disbursements	933,707	249,828	-	17	-	136,447	1,489,254
Total disbursements	<u>2,614,730</u>	<u>249,828</u>	<u>379,020</u>	<u>42,035</u>	<u>54,466</u>	<u>136,447</u>	<u>3,390,986</u>
Excess (deficiency) of receipts over disbursements	<u>183,922</u>	<u>183,568</u>	<u>4,980</u>	<u>(14,161)</u>	<u>41,534</u>	<u>2,965</u>	<u>365,087</u>
Cash and investments - ending	<u>\$ 207,593</u>	<u>\$ 307,158</u>	<u>\$ 428,411</u>	<u>\$ 32,406</u>	<u>\$ 90,981</u>	<u>\$ 2,965</u>	<u>\$ 366,466</u>

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

	WATER DEPRECIATION	WATER BOND & INTEREST	WAT TR PLT GRT DR2-09-243	WATER TOWER FUND	WATER INSURANCE FUND	WATER IN LIEU OF TAXES FU	Totals
Cash and investments - beginning	\$ 172,105	\$ 617,973	\$ -	\$ 150,482	\$ 16,645	\$ -	\$ 16,033,980
Receipts:							
Taxes	-	-	-	-	-	-	8,249,964
Licenses and permits	-	-	-	-	-	-	216,091
Intergovernmental	-	-	158,877	-	-	-	6,078,947
Charges for services	-	-	-	-	-	-	1,466,608
Fines and forfeits	-	-	-	-	-	-	108,084
Utility fees	-	-	-	-	-	-	6,546,115
Other receipts	654,063	408,000	36,825	283,000	50,303	177,885	14,761,400
Total receipts	<u>654,063</u>	<u>408,000</u>	<u>195,702</u>	<u>283,000</u>	<u>50,303</u>	<u>177,885</u>	<u>37,427,209</u>
Disbursements:							
Personal services	-	-	-	-	-	-	14,109,097
Supplies	-	-	-	-	-	-	913,094
Other services and charges	-	-	-	-	58,648	-	1,924,705
Debt service - principal and interest	336,295	403,808	-	-	-	-	1,841,513
Capital outlay	33,909	-	17,378	-	-	-	2,815,748
Utility operating expenses	-	-	-	328,748	-	-	2,529,235
Other disbursements	153,119	-	178,324	53,000	-	177,885	10,889,481
Total disbursements	<u>523,323</u>	<u>403,808</u>	<u>195,702</u>	<u>381,748</u>	<u>58,648</u>	<u>177,885</u>	<u>35,022,873</u>
Excess (deficiency) of receipts over disbursements	<u>130,740</u>	<u>4,192</u>	<u>-</u>	<u>(98,748)</u>	<u>(8,345)</u>	<u>-</u>	<u>2,404,336</u>
Cash and investments - ending	<u>\$ 302,845</u>	<u>\$ 622,165</u>	<u>\$ -</u>	<u>\$ 51,734</u>	<u>\$ 8,300</u>	<u>\$ -</u>	<u>\$ 18,438,316</u>

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

Government or Enterprise	Accounts Payable	Accounts Receivable
Storm Water	\$ -	\$ 61,890
Trash	-	76,904
Water	-	272,219
Wastewater	-	<u>245,960</u>
Totals	<u>\$ -</u>	<u>\$ 656,973</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
DeLage Landen Public Finance LLC	Lease Electronic Golf Carts (Otis Golf Course)	\$ 50,716	10/1/2011	11/1/2016
GE Capital Finance	Lease/Purchase Mowing Equipment	53,311	2/1/2013	1/1/2018
Great America Leasing	Copier Lease	29,338	1/1/2012	12/31/2016
Prolease Capital (assigned to USBank)	Lease/Purchase of Telephone System	<u>46,461</u>	11/1/2009	10/31/2014
Total governmental activities		<u>179,826</u>		
Water:				
PNC (TE-1706)	Improvements to Water Meters & Vaults	<u>336,295</u>	1/22/2010	7/22/2024
Total of annual lease payments		<u>\$ 516,121</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Revenue bonds	Plaza Drive North Project	<u>\$ 2,325,000</u>	<u>\$ 316,126</u>
Wastewater:			
Revenue bonds	Improvements to Sewer Treatment Plant (CS182136 01)	1,860,000	343,940
Revenue bonds	Improvements to Sewer Treatment Plant (CS182136 02)	<u>210,000</u>	<u>36,090</u>
Total Wastewater		<u>2,070,000</u>	<u>380,030</u>
Water:			
Revenue bonds	Improvements to Water Treatment Plant (DW199101 01)	<u>2,555,000</u>	<u>407,238</u>
Totals		<u>\$ 6,950,000</u>	<u>\$ 1,103,394</u>

CITY OF BEDFORD  
 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	
Infrastructure	\$ 667,320
Buildings	1,411,728
Improvements other than buildings	1,329,968
Machinery, equipment, and vehicles	24,355,322
	6,984,624
Total governmental activities	34,748,962
Trash:	
Machinery, equipment, and vehicles	685,333
Wastewater:	
Land	
Improvements other than buildings	42,500
Machinery, equipment, and vehicles	6,967,876
	1,963,847
Total Wastewater	8,974,223
Water:	
Land	
Improvements other than buildings	42,500
Machinery, equipment, and vehicles	9,406,211
	4,049,703
Total Water	13,498,414
Total capital assets	\$ 57,906,932

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

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

***Report on Compliance for Each Major Federal Program***

We have audited the City of Bedford'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)

***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.

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. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

October 17, 2014

(This page intentionally left blank.)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTE

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the City. The schedule and note are presented as intended by the City.

CITY OF BEDFORD  
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 Housing and Urban Development</u>				
CDBG - State-Administered CDBG Cluster				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				
	Office of Community and Rural Affairs (OCRA)			
Storm Water Grant		14.228	DR2-09-235	\$ 278,611
Water Treatment Plant Grant		14.228	DR2-09-243	<u>147,000</u>
Total - Department of Housing and Urban Development				<u>425,611</u>
<u>Department of Transportation</u>				
Federal Transit Cluster				
ARRA - Federal Transit-Capital Investment Grants				
ARRA Transit Capital Grant	Indiana Department of Transportation	20.500	1173448	<u>40,011</u>
Total - Federal Transit Cluster				<u>40,011</u>
Formula Grants for Rural Areas				
Indiana Department of Transportation				
Transit Grant Operating 2012		20.509	180029	54,598
Transit Grant Operating 2013		20.509	180030	<u>151,934</u>
ARRA - Formula Grants for Rural Areas				
Transportation Stimulus Fund Project		20.509	86X0101S	<u>143,662</u>
Total - Formual Grants for Rural Areas				<u>350,194</u>
Total - Department of Transportation				<u>390,205</u>
Total federal awards expended				<u>\$ 815,816</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF BEDFORD  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

***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.

CITY OF BEDFORD  
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?	no
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?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.509	CDBG - State-Administered CDBG Cluster Formula Grants for Rural Areas

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 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The City did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The City should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

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

During the audit of the SEFA we noted the following errors:

1. The Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii - Water Treatment Plant Grant was incorrectly reported on the SEFA for year 2013 as \$158,877, an overstatement of \$11,877.
2. The Formula Grants for Rural Areas - Transit Grant Operating 2012 was incorrectly reported as \$8,036, an understatement of \$46,562.
3. The Formula Grants for Rural Areas - Transit Grant Operating 2013 was incorrectly reported as \$92,590, an understatement of 59,344.
4. The ARRA - Federal Transit - Capital Investment Grant of \$40,011 was not reported on the SEFA.

Audit adjustments were proposed, accepted by the City, and made to the SEFA presented in this report.

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.

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

- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

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)

***FINDING 2013-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

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

Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the City to reduce risks to the achievement of financial reporting objectives. The City has not separated incompatible activities related to cash, payroll disbursements, and the preparation of the financial statement. The City's financial statement is prepared from the information in City's Annual Financial Report submitted on the Gateway system. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

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 risks of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***Section III - Federal Award Findings and Questioned Costs***

No matters are reportable.

AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the City. The document is presented as intended by the City.



*Julie Blackwell-Chase*

**BEDFORD CLERK-TREASURER**

LAWRENCE COUNTY, INDIANA

**CORRECTIVE ACTION PLAN**

***FINDING 2013-001***

Julie I. Blackwell Chase, Clerk-Treasurer, City of Bedford  
Phone Number: (812) 275-1604

Corrective Action Plan for Internal Controls over the Schedule of Expenditures of Federal Awards

The management of the City of Bedford has reviewed Finding 2013-001: Internal Controls over the Schedule of Expenditures of Federal Awards (SEFA) and has developed and will implemented the following additions to our internal controls procedures for year-end reporting:

1. Federal reimbursements received for all grants will continue to be abstracted from the general ledger and entered on the SEFA as instructed in Circular A-133.

2. The SEFA will be printed and distributed to each City department that has received federal awards during the year for their departmental review. The department supervisor will meet with the clerk-treasurer to discuss any modifications that may need to be made. Once the department supervisor's review is completed, the department supervisor will initial and date that portion of the SEFA that applies to his/her department as evidence that the department review has been completed.

3. Once all department reviews are completed and any modifications have been made to the SEFA, the updated SEFA will be printed and submitted to the clerk-treasurer for final review. When the clerk-treasurer has completed the final review, the clerk-treasurer will initial and date the SEFA as evidence the final review is completed.

4. When the clerk-treasurer has completed the final review, the annual report on the Gateway System will be submitted and an attestation will be signed by the clerk-treasurer.

***FINDING 2013-002***

Julie I. Blackwell Chase, Clerk-Treasurer, City of Bedford:  
Phone Number: (812) 275-1604

Corrective Action Plan for Internal Controls over Segregation of Duties

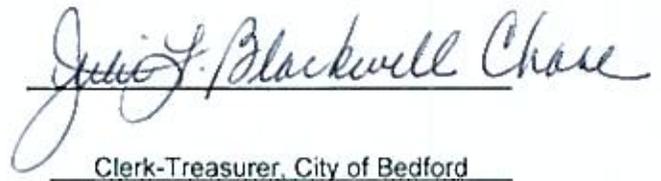
The management of the City of Bedford has reviewed Finding 2013-002: Internal Controls over Segregation of Duties and has developed and implemented the following additions to our internal controls procedures:

1. All monthly bank reconciliations continue to receive a final review by the clerk-treasurer. This is evidenced by initialing and dating each bank reconciliation on the day the final review is completed.

2. All payroll reports continue to receive a final review by the clerk-treasurer. This is evidenced by initialing and dating each payroll report on the day the final review is completed.

3. When the annual report is completed in the Gateway System, a hardcopy will be printed of all statements and reports. The clerk-treasurer will conduct a final review for all statements and reports. This will be evidenced by initialing and dating each report and schedule on the day the final review is completed.

4. When the clerk-treasurer has completed the final review, the annual report on the Gateway System will be submitted and an attestation will be signed by the clerk-treasurer.

  
Clerk-Treasurer, City of Bedford

October 17, 2014

#### 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/>.