

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, 2014 to December 31, 2014



FILED
04/27/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Julie L. Blackwell Chase (Vacant) Marsha Pfeiffer	01-01-12 to 07-15-16 07-16-16 to 07-28-16 07-29-16 to 12-31-19
Mayor	Shawna M. Girgis	01-01-12 to 12-31-19
President of the Board of Public Works and Safety	Shawna M. Girgis	01-01-14 to 12-31-17
President Pro Tempore of the Common Council	Byron L. Buker	01-01-14 to 12-31-17
Superintendent of Utilities	Misty Adams	01-01-14 to 12-31-17



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, 2014, and the related notes to the financial statement as listed in the Table of Contents.

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 from 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 to 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, 2014.

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, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

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.


Other Information

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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 20, 2017, 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.


Paul D. Joyce, CPA
State Examiner

March 20, 2017



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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, 2014, and the related notes to the financial statement, and have issued our report thereon dated March 20, 2017, 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.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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 from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

March 20, 2017

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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, 2014

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
GENERAL FUND	\$ 4,209,871	\$ 9,043,029	\$ 8,903,796	\$ 4,349,104
MVH-MOTOR VEHICLE HIGHWAY	1,067,281	1,372,863	1,675,269	764,875
LRS- LOCAL ROADS AND STREET	111,815	73,493	146,900	38,408
PARK NONREVERTING	73,143	41,988	33,010	82,121
CRIME CONTROL FUND	5,000	-	-	5,000
LOCAL LAW ENFORCEMENT CONTINUING EDUCATION	21,754	15,329	19,360	17,723
ELECTRONIC MAP GENERATION	991	-	-	991
PARK AND RECREATION	675,801	1,419,424	1,677,504	417,721
RAINY DAY	48,714	9,007	-	57,721
LEVY EXCESS	-	168	-	168
CUMULATIVE CAPITAL IMPROVEMENT - CIGARETTE TAX	73,886	35,479	81,392	27,973
CUMULATIVE CAPITAL DEVELOPMENT	265,902	145,101	193,252	217,751
NONREVERTING GOLF CARTS	37,319	57,400	54,478	40,241
TIF REDEVELOPMENT DISTRICT CAPITAL FUND	769,476	3,967	635,000	138,443
ANTHEM GROUP INSURANCE	2,940,467	2,832,642	2,462,944	3,310,165
POLICE PENSION	298,297	611,841	549,828	360,310
FIRE PENSION	319,778	662,559	630,327	352,010
LOCAL OPTION INCOME TAX	698,590	761,139	773,964	685,765
INDIANA HISTORIC PATHWAY GRANT	3,400	-	-	3,400
HARP COMMONS GRANT FUND	19,352	30,640	49,992	-
INDIANA DEPARTMENT OF HOMELAND SECURITY GRANT	-	8,000	8,000	-
OTIS MERCHANDISE SALES	1,431	22,750	23,927	254
PARK NONREVERTING SHELTER DEPOSITS	1,985	26,375	26,060	2,300
OTIS TRUST FUND	1,411	2,995	-	4,406
NONREVERTING OTIS PARK	103,597	70,677	55,798	118,476
NONREVERTING JOHN LOWERY POOL	9,746	6,406	3,500	12,652
DARE FUND	10,857	6,897	8,048	9,706
LAWRENCE COUNTY LOCAL COORDINATING COUNCIL-DRUG FEE FUND	432	8,300	8,300	432
FIRE PREVENTION FUND	4,999	1,851	591	6,259
HOUSING REHAB HD-000-009	2,767	8	-	2,775
MICRO LOAN PROGRAM 89-001M G	9,183	621	-	9,804
3286ALARMS	8,699	1,035	-	9,734
PETTY CASH AND CHANGE FUNDS	1,815	-	-	1,815
TIF REDEVELOPMENT DISTRICT GENERAL FUND	2,750,339	733,853	857,768	2,626,424
TIF BOND PRINCIPAL AND INTEREST	316,794	319,180	316,526	319,448
TIF DEBT SERVICE RESERVE ACCOUNT	319,260	-	-	319,260
BEDFORD REDEVELOPMENT COMMISSION	66,993	51,231	-	118,224
STELLAR COMMUNITY DONATION FUND	-	115,000	-	115,000
STELLAR/DEPOT PROJECT FUND	-	222,389	179,164	43,225
STELLAR/TRAIL PROJECT FUND	-	305,417	161,699	143,718
STELLAR/STREET PHASE I FUND	-	146,017	-	146,017
STELLAR/STREET PHASE II FUND	-	146,017	-	146,017
STELLAR/COURTHOUSE RENOVATION FUND	-	630,000	14,085	615,915
STELLAR/MURALS PROJECT FUND	-	15,000	-	15,000
STELLAR/DOWNTOWN FACADES	-	1,780	1,780	-
NONREVERTING TRANSIT CAPITAL IMPROVEMENT FUND	114,693	39,595	154,257	31
TASC BUS FARES	943	11,208	10,960	1,191
PAYROLL	-	1,089,737	1,089,737	-

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, 2014
(Continued)

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
PAYROLL/FEDERAL WITHHOLDING	-	811,646	811,646	-
PAYROLL/FICA	-	464,212	464,212	-
PAYROLL/MEDICARE	-	184,497	184,497	-
PAYROLL/STATE WITHHOLDING	19,435	261,007	259,246	21,196
PAYROLL/COUNTY WITHHOLDING	8,033	110,670	109,700	9,003
PAYROLL/PERF	-	111,651	111,651	-
PAYROLL/1977 POLICE PENSION	-	78,600	78,600	-
PAYROLL/1977 FIRE PENSION	-	92,711	92,711	-
AMERICAN FIDELITY/HEALTH FSA PRE-TAX	-	34,766	34,766	-
AMERICAN FIDELITY ASSURANCE/PRE-TAX	-	11,099	11,099	-
AMERICAN FIDELITY ASSURANCE/POST-TAX	-	28,214	28,214	-
PAYROLL/VISION	13	19,267	17,699	1,581
PAYROLL/DENTAL	(244)	6,458	5,817	397
PAYROLL/BLUE CROSS	45,667	599,353	597,028	47,992
PAYROLL/FIREFIGHTERS DUE	-	13,533	13,533	-
PAYROLL/BONDS	-	5,172	5,172	-
PAYROLL/AMERICAN HERITAGE	-	1,491	1,491	-
PAYROLL/AFLAC (POST TAX)	-	767	767	-
PAYROLL/GARNISHMENTS	-	61,331	61,331	-
PAYROLL/DEFERRED COMPENSATION	-	86,579	86,579	-
PAYROLL/BOYS AND GIRLS CLUB	-	1,703	1,703	-
PAYROLL/LIBERTY PRE-TAX	160	4,401	4,561	-
PAYROLL/AFLAC 125	-	17,439	17,359	80
PAYROLL/DD-DIRECT DEPOSIT	-	4,524,456	4,524,456	-
PAYROLL/LIBERTY POST-TAX	537	13,737	14,274	-
PAYROLL/AFLAC CRITICAL ILLNESS	(10)	1,977	1,967	-
STORM WATER FUND	484,473	875,222	378,524	981,171
STORM WATER GRANT DR2-09-235	21,218	621,609	642,827	-
TRASH COLLECTION SERVICE	71,229	868,795	799,839	140,185
TRASH DEPRECIATION	-	60,000	-	60,000
SEWER OPERATING	207,593	8,673,520	8,472,441	408,672
SEWER DEPRECIATION	307,158	296,400	-	603,558
SEWER BOND AND INTEREST	428,411	384,000	380,030	432,381
SEWER BAN INTEREST FUND	-	39,312	39,312	-
SEWER INSURANCE FUND	32,406	20,461	37,801	15,066
SEWER BIO SOLIDS FUND	90,981	31,999	87,798	35,182
SEWER IN LIEU OF TAXES	2,965	133,482	136,447	-
SEWER BAN - CONSTRUCTION FUND	-	5,997,540	89,445	5,908,095
WATER OPERATING	366,466	9,094,987	8,849,581	611,872
WATER DEPRECIATION	302,845	402,001	336,295	368,551
WATER BOND AND INTEREST	622,165	408,000	404,237	625,928
WATER BAN INTEREST FUND	-	37,609	26,655	10,954
WATER TOWER FUND	51,734	72,000	1,780	121,954
WATER INSURANCE FUND	8,300	51,237	41,980	17,557
WATER IN LIEU OF TAXES FUND	-	177,886	88,943	88,943
WATER BAN - CONSTRUCTION FUND	-	5,502,331	59,344	5,442,987
Totals	<u>\$ 18,438,316</u>	<u>\$ 62,393,536</u>	<u>\$ 49,220,574</u>	<u>\$ 31,611,278</u>

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, 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. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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. 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 the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF BEDFORD
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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. Amounts received 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. Amounts received from charges for current services.

Other receipts. Amounts received from various sources, including, but 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. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest. Amounts disbursed for 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. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses. Amounts disbursed for operating the utilities.

Other disbursements. Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts 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 amounts 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 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, the following: 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 a cost-sharing 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
One North Capitol, 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
One North Capitol, 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. Stellar Communities Projects

On June 17, 2013, Lt. Governor Sue Ellspermann officially announced that the community of Bedford had been designated the newest of Indiana's Stellar Communities.

Launched in 2011, Stellar Communities is a collaboration between the Office of Community and Rural Affairs (OCRA), the Indiana Housing and Community Development Authority (IHCD), and the Indiana Department of Transportation (INDOT). The program pools funding sources to assist communities in achieving their long-term comprehensive strategic goals for targeted areas of their community.

The City's proposal is focused on workforce training and education, community and economic development, affordable senior housing, and cultivating their quality of place. Their goal is to improve the aesthetics of the community while addressing critical needs, but also prepare for future growth via a better trained workforce.

The Status of the Proposed Projects:

- 1) Limestone Trail - The Limestone Trail is a Lawrence County Trail System currently being developed in different phases through collaboration. The City will develop an urban connector trail as part of its Stellar Community program. This phase of the Limestone Trail will connect the Milwaukee Trail by beginning at the corner of Lincoln and 10th Streets, developing 7 blocks south, to 17th Street. At 17th Street, the

CITY OF BEDFORD
NOTES TO FINANCIAL STATEMENT
(Continued)

urban trail turns east 2 blocks to J Street to connect with downtown J Street trail and trailhead located at the Depot. Additionally, the trail will travel 2 blocks east on 14th Street to the J Street trail and complete the downtown trail walking loop. On June 17, 2014, the City was awarded a \$2,570,400 grant for the Limestone Trail. The grant requires a 20 percent match. On April 17, 2014, the City signed a contract with the Lochmueller Group, Inc. (F/K/A Bernardin, Lochmueller and Associates) for professional services. The original contract and change orders are for \$723,950.

- 2) Milwaukee Depot - The adaptive reuse of the historic depot to establish a focal point for downtown activities by moving the Depot to the downtown district to serve as Transit Authority of Stone City bus depot and other offices. On June 7, 2014, the City was awarded a grant for \$2,144,400 from the Department of Transportation for the Milwaukee Depot project. INDOT awarded a contract to Tri County Builders for the project. The original contract and change orders are for \$2,392,630. On November 24, 2016, the City approved payment to INDOT for the 20 percent match, or \$751,845. The City has entered into three contracts with the Lochmueller Group, Inc. (F/K/A Bernardin, Lochmueller and Associates) for Engineering/Architectural work on this project. The total of the contracts and change orders are \$802,246.
- 3) StoneGate Art and Education Center - The plan was to reuse the former JC Penney building which would have international, national, regional, and local impacts on community services including the IU Chinese Flagship Center and Boys and Girls Club. On March 14, 2016, the City was awarded a \$1,500,000 Community Development Block Grant for the Stone Gate Art and Education Center. The original plan was to renovate the former JC Penney building. However, in September of 2016, it was decided to demolish the building and erect a new structure. On September 26, 2016, the City entered into an agreement with architect Christine Matheu for expenses not to exceed \$271,350 for the demolition of the old building and the design of the new building. The City is currently in the process of securing funding through a USDA loan for approximately \$4,000,000 with a term of 20/30 years.
- 4) Stone Cutter Place Senior Apartments - A multi-phase infill development and adaptive reuse of the Carriage House and Brock & Sears buildings as senior apartments. The project was completed by Hoosier Uplands and the City did not have any financial expenses for this project.
- 5) Gateways, Murals, Streetscapes, and Parking - Transportation enhancement projects which include creating gateways welcoming visitors and residents into downtown, placing murals in one or more key locations, and developing streetscapes through redesign of parking, sidewalks, streetlights, seating, and planters. Gateways and murals are locally funded projects. On May 15, 2014, the City was awarded a \$642,600 grant for phase I of the streetscape project, and on May 23, 2014, they were awarded another \$642,600 grant for phase II. On December 17, 2015, the City entered into a consulting contract with Lochmueller Group, Inc. (F/K/A Bernardin, Lochmueller and Associates) for professional services. The contract was for an amount not to exceed \$510,000.
- 6) Façade Restoration - The City would like to continue past façade improvement programs which include structural improvements, storefront repairs, window replacements, masonry tuck-pointing repairs, and new awnings. On September 11, 2014, the City was awarded a Community Development Block Grant of \$98,000 for the

CITY OF BEDFORD
NOTES TO FINANCIAL STATEMENT
(Continued)

Downtown Facades Renovation Planning Grant. On September 15, 2014, the City signed an agreement with DLZ, Indiana, LLC, for an amount not to exceed \$91,000 for the façade restoration. Approximately 15 businesses are participating in the Façade Restoration. Paperwork was completed in 2016 with projects to begin in 2017.

- 7) Downtown Business Development - Investment in the downtown area by utilizing a revolving loan fund to purchase downtown buildings, upgrade systems, develop white box retail space, and build downtown apartments, where feasible. The City expressed a desire to work with regional partners to incubate new businesses and increase private investment to increase jobs in the region.

At the time of the Stellar City application and award in 2013, the City had dedicated business incubator space or classroom space. In 2014, the City was given the former Indiana Limestone building to house community learning. The City named this building StoneGate Arts and Education Center. The City continued the education offerings there, expanded services to accommodate business incubator space for entrepreneurs, non-profit offices, and classrooms for youth robotics.

Because of the popularity and growth of StoneGate, the City asked if the IHCDCA would consider moving its \$500,000 for business incubation to OCRA's façade project fund and make a significant visual impact in downtown by allowing more businesses to participate in the downtown facades project. This was agreed upon by all parties and the Business Development funding was moved from the IHCDCA to be administered by OCRA as part of the Bedford Stellar Façade Project.

Note 8. Subsequent Events

On March 18, 2015, the City signed an agreement with Mitchell and Stark Construction Company, Inc. for a UV System at the water plant. The original agreement and change orders total \$1,083,939.

On March 18, 2015, the City signed an agreement with Layne Christensen Company for the Spider Creek Sewer Line. The contract was for \$513,949.

On April 17, 2015, the City signed an agreement with Lochmueller Group, Inc. (F/K/A Bernardin, Lochmueller and Associates) for an amount not to exceed \$168,300 for the 16th Street water project, and on July 27, 2015, the City approved a bid of \$1,256,290 with Infrastructure Systems, Inc. (ISI) for the construction.

On July 6, 2015, the City signed a contract with Tri County Builders for the Courthouse Lawn/Harp Commons project. The contract and change orders were for \$858,576. This project was completed with local funds. The County reimbursed the City \$500,000 in 2014 and \$68,363 in 2015.

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. This benefit poses a liability to the City for this year and in future years. Information regarding this benefit can be obtained by contacting the City.

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OTHER INFORMATION - UNAUDITED

The City's Annual Financial 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 City's Annual Financial Report 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 other 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, 2014

	GENERAL FUND	MVH-MOTOR VEHICLE HIGHWAY	LRS- LOCAL ROADS AND STREET	PARK NONREVERTING	CRIME CONTROL FUND
Cash and investments - beginning	\$ 4,209,871	\$ 1,067,281	\$ 111,815	\$ 73,143	\$ 5,000
Receipts:					
Taxes	4,932,230	633,866	-	-	-
Licenses and permits	214,247	-	-	-	-
Intergovernmental receipts	3,612,018	706,914	73,493	-	-
Charges for services	120,072	2,661	-	41,864	-
Fines and forfeits	68,052	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	96,410	29,422	-	124	-
Total receipts	<u>9,043,029</u>	<u>1,372,863</u>	<u>73,493</u>	<u>41,988</u>	<u>-</u>
Disbursements:					
Personal services	5,776,750	885,036	-	21,293	-
Supplies	347,696	231,228	-	10,671	-
Other services and charges	1,649,335	140,168	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	1,117,373	418,837	146,900	195	-
Utility operating expenses	-	-	-	-	-
Other disbursements	12,642	-	-	851	-
Total disbursements	<u>8,903,796</u>	<u>1,675,269</u>	<u>146,900</u>	<u>33,010</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>139,233</u>	<u>(302,406)</u>	<u>(73,407)</u>	<u>8,978</u>	<u>-</u>
Cash and investments - ending	<u>\$ 4,349,104</u>	<u>\$ 764,875</u>	<u>\$ 38,408</u>	<u>\$ 82,121</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, 2014
 (Continued)

	LOCAL LAW ENFORCEMENT CONTINUING EDUCATION	ELECTRONIC MAP GENERATION	PARK AND RECREATION	RAINY DAY	LEVY EXCESS
Cash and investments - beginning	\$ 21,754	\$ 991	\$ 675,801	\$ 48,714	\$ -
Receipts:					
Taxes	-	-	1,003,722	-	168
Licenses and permits	6,155	-	-	-	-
Intergovernmental receipts	-	-	74,817	-	-
Charges for services	2,967	-	326,097	-	-
Fines and forfeits	1,207	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	5,000	-	14,788	9,007	-
Total receipts	<u>15,329</u>	<u>-</u>	<u>1,419,424</u>	<u>9,007</u>	<u>168</u>
Disbursements:					
Personal services	-	-	1,010,596	-	-
Supplies	2,000	-	182,303	-	-
Other services and charges	14,985	-	256,354	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	2,375	-	215,795	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	12,456	-	-
Total disbursements	<u>19,360</u>	<u>-</u>	<u>1,677,504</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(4,031)</u>	<u>-</u>	<u>(258,080)</u>	<u>9,007</u>	<u>168</u>
Cash and investments - ending	<u>\$ 17,723</u>	<u>\$ 991</u>	<u>\$ 417,721</u>	<u>\$ 57,721</u>	<u>\$ 168</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	CUMULATIVE CAPITAL IMPROVEMENT - CIGARETTE TAX	CUMULATIVE CAPITAL DEVELOPMENT	NONREVERTING GOLF CARTS	TIF REDEVELOPMENT DISTRICT CAPITAL FUND	ANTHEM GROUP INSURANCE
Cash and investments - beginning	\$ 73,886	\$ 265,902	\$ 37,319	\$ 769,476	\$ 2,940,467
Receipts:					
Taxes	-	135,046	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	35,479	10,055	-	-	-
Charges for services	-	-	53,606	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	-	-	3,794	3,967	2,832,642
Total receipts	<u>35,479</u>	<u>145,101</u>	<u>57,400</u>	<u>3,967</u>	<u>2,832,642</u>
Disbursements:					
Personal services	-	-	-	-	2,426,292
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	32,652
Debt service - principal and interest	-	-	50,716	-	-
Capital outlay	81,392	193,252	-	635,000	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	3,762	-	4,000
Total disbursements	<u>81,392</u>	<u>193,252</u>	<u>54,478</u>	<u>635,000</u>	<u>2,462,944</u>
Excess (deficiency) of receipts over disbursements	<u>(45,913)</u>	<u>(48,151)</u>	<u>2,922</u>	<u>(631,033)</u>	<u>369,698</u>
Cash and investments - ending	<u>\$ 27,973</u>	<u>\$ 217,751</u>	<u>\$ 40,241</u>	<u>\$ 138,443</u>	<u>\$ 3,310,165</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	POLICE PENSION	FIRE PENSION	LOCAL OPTION INCOME TAX	INDIANA HISTORIC PATHWAY GRANT	HARP COMMONS GRANT FUND
Cash and investments - beginning	\$ 298,297	\$ 319,778	\$ 698,590	\$ 3,400	\$ 19,352
Receipts:					
Taxes	70,565	45,827	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	541,276	616,732	761,139	-	20,640
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	-	-	-	-	10,000
Total receipts	<u>611,841</u>	<u>662,559</u>	<u>761,139</u>	<u>-</u>	<u>30,640</u>
Disbursements:					
Personal services	549,828	630,143	773,964	-	-
Supplies	-	135	-	-	-
Other services and charges	-	49	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	49,992
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	<u>549,828</u>	<u>630,327</u>	<u>773,964</u>	<u>-</u>	<u>49,992</u>
Excess (deficiency) of receipts over disbursements	<u>62,013</u>	<u>32,232</u>	<u>(12,825)</u>	<u>-</u>	<u>(19,352)</u>
Cash and investments - ending	<u>\$ 360,310</u>	<u>\$ 352,010</u>	<u>\$ 685,765</u>	<u>\$ 3,400</u>	<u>\$ -</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	INDIANA DEPARTMENT OF HOMELAND SECURITY GRANT	OTIS MERCHANDISE SALES	PARK NONREVERTING SHELTER DEPOSITS	OTIS TRUST FUND	NONREVERTING OTIS PARK
Cash and investments - beginning	\$ -	\$ 1,431	\$ 1,985	\$ 1,411	\$ 103,597
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	4,000	-	-	-	-
Charges for services	-	22,750	26,375	-	68,222
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	4,000	-	-	2,995	2,455
Total receipts	<u>8,000</u>	<u>22,750</u>	<u>26,375</u>	<u>2,995</u>	<u>70,677</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	53,311
Capital outlay	4,000	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	4,000	23,927	26,060	-	2,487
Total disbursements	<u>8,000</u>	<u>23,927</u>	<u>26,060</u>	<u>-</u>	<u>55,798</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(1,177)</u>	<u>315</u>	<u>2,995</u>	<u>14,879</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 254</u>	<u>\$ 2,300</u>	<u>\$ 4,406</u>	<u>\$ 118,476</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	NONREVERTING JOHN LOWERY POOL	DARE FUND	LAWRENCE COUNTY LOCAL COORDINATING COUNCIL-DRUG FEE FUND	FIRE PREVENTION FUND	HOUSING REHAB HD-000-009
Cash and investments - beginning	\$ 9,746	\$ 10,857	\$ 432	\$ 4,999	\$ 2,767
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	6,406	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	-	6,897	8,300	1,851	8
Total receipts	<u>6,406</u>	<u>6,897</u>	<u>8,300</u>	<u>1,851</u>	<u>8</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	5,000	2,550	542	-
Other services and charges	3,500	3,048	5,750	49	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	<u>3,500</u>	<u>8,048</u>	<u>8,300</u>	<u>591</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>2,906</u>	<u>(1,151)</u>	<u>-</u>	<u>1,260</u>	<u>8</u>
Cash and investments - ending	<u>\$ 12,652</u>	<u>\$ 9,706</u>	<u>\$ 432</u>	<u>\$ 6,259</u>	<u>\$ 2,775</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	MICRO LOAN PROGRAM 89-001M G	3286ALARMS	PETTY CASH AND CHANGE FUNDS	TIF REDEVELOPMENT DISTRICT GENERAL FUND	TIF BOND PRINCIPAL AND INTEREST
Cash and investments - beginning	\$ 9,183	\$ 8,699	\$ 1,815	\$ 2,750,339	\$ 316,794
Receipts:					
Taxes	-	-	-	725,744	319,180
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	1,035	-	-	-
Utility fees	-	-	-	-	-
Other receipts	621	-	-	8,109	-
Total receipts	<u>621</u>	<u>1,035</u>	<u>-</u>	<u>733,853</u>	<u>319,180</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	36,101	400
Debt service - principal and interest	-	-	-	-	316,126
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	821,667	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>857,768</u>	<u>316,526</u>
Excess (deficiency) of receipts over disbursements	<u>621</u>	<u>1,035</u>	<u>-</u>	<u>(123,915)</u>	<u>2,654</u>
Cash and investments - ending	<u>\$ 9,804</u>	<u>\$ 9,734</u>	<u>\$ 1,815</u>	<u>\$ 2,626,424</u>	<u>\$ 319,448</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	TIF DEBT SERVICE RESERVE ACCOUNT	BEDFORD REDEVELOPMENT COMMISSION	STELLAR COMMUNITY DONATION FUND	STELLAR/DEPOT PROJECT FUND	STELLAR/TRAIL PROJECT FUND
Cash and investments - beginning	\$ 319,260	\$ 66,993	\$ -	\$ -	\$ -
Receipts:					
Taxes	-	51,018	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	52,575	90,597
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	-	213	115,000	169,814	214,820
Total receipts	-	51,231	115,000	222,389	305,417
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	179,164	161,699
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	-	-	-	179,164	161,699
Excess (deficiency) of receipts over disbursements	-	51,231	115,000	43,225	143,718
Cash and investments - ending	<u>\$ 319,260</u>	<u>\$ 118,224</u>	<u>\$ 115,000</u>	<u>\$ 43,225</u>	<u>\$ 143,718</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	STELLER/STREET PHASE I FUND	STELLER/STREET PHASE II FUND	STELLAR/COURTHOUSE RENOVATION FUND	STELLAR/MURALS PROJECT FUND	STELLAR/DOWNTOWN FACADES
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	146,017	146,017	630,000	15,000	1,780
Total receipts	<u>146,017</u>	<u>146,017</u>	<u>630,000</u>	<u>15,000</u>	<u>1,780</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	1,780
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	14,085	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>14,085</u>	<u>-</u>	<u>1,780</u>
Excess (deficiency) of receipts over disbursements	<u>146,017</u>	<u>146,017</u>	<u>615,915</u>	<u>15,000</u>	<u>-</u>
Cash and investments - ending	<u>\$ 146,017</u>	<u>\$ 146,017</u>	<u>\$ 615,915</u>	<u>\$ 15,000</u>	<u>\$ -</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	NONREVERTING TRANSIT CAPITAL IMPROVEMENT FUND	TASC BUS FARES	PAYROLL	PAYROLL/FEDERAL WITHHOLDING	PAYROLL/FICA
Cash and investments - beginning	\$ 114,693	\$ 943	\$ -	\$ -	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	11,208	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	39,595	-	1,089,737	811,646	464,212
Total receipts	<u>39,595</u>	<u>11,208</u>	<u>1,089,737</u>	<u>811,646</u>	<u>464,212</u>
Disbursements:					
Personal services	-	-	1,089,737	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	154,257	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	10,960	-	811,646	464,212
Total disbursements	<u>154,257</u>	<u>10,960</u>	<u>1,089,737</u>	<u>811,646</u>	<u>464,212</u>
Excess (deficiency) of receipts over disbursements	<u>(114,662)</u>	<u>248</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 31</u>	<u>\$ 1,191</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, 2014
 (Continued)

	PAYROLL/MEDICARE	PAYROLL/STATE WITHHOLDING	PAYROLL/COUNTY WITHHOLDING	PAYROLL/PERF	PAYROLL/1977 POLICE PENSION
Cash and investments - beginning	\$ -	\$ 19,435	\$ 8,033	\$ -	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	184,497	261,007	110,670	111,651	78,600
Total receipts	<u>184,497</u>	<u>261,007</u>	<u>110,670</u>	<u>111,651</u>	<u>78,600</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	184,497	259,246	109,700	111,651	78,600
Total disbursements	<u>184,497</u>	<u>259,246</u>	<u>109,700</u>	<u>111,651</u>	<u>78,600</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>1,761</u>	<u>970</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 21,196</u>	<u>\$ 9,003</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, 2014
 (Continued)

	PAYROLL/1977 FIRE PENSION	AMERICAN FIDELITY/HEALTH FSA PRE-TAX	AMERICAN FIDELITY ASSURANCE/PRE-TAX	AMERICAN FIDELITY ASSURANCE/POST-TAX	PAYROLL/VISION
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 13
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	92,711	34,766	11,099	28,214	19,267
Total receipts	92,711	34,766	11,099	28,214	19,267
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	92,711	34,766	11,099	28,214	17,699
Total disbursements	92,711	34,766	11,099	28,214	17,699
Excess (deficiency) of receipts over disbursements	-	-	-	-	1,568
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 1,581

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	<u>PAYROLL/DENTAL</u>	<u>PAYROLL/BLUE CROSS</u>	<u>PAYROLL/FIREFIGHTERS DUE</u>	<u>PAYROLL/BONDS</u>	<u>PAYROLL/AMERICAN HERITAGE</u>
Cash and investments - beginning	\$ (244)	\$ 45,667	\$ -	\$ -	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	6,458	599,353	13,533	5,172	1,491
Total receipts	<u>6,458</u>	<u>599,353</u>	<u>13,533</u>	<u>5,172</u>	<u>1,491</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	5,817	597,028	13,533	5,172	1,491
Total disbursements	<u>5,817</u>	<u>597,028</u>	<u>13,533</u>	<u>5,172</u>	<u>1,491</u>
Excess (deficiency) of receipts over disbursements	<u>641</u>	<u>2,325</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 397</u>	<u>\$ 47,992</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, 2014
 (Continued)

	PAYROLL/AFLAC (POST TAX)	PAYROLL/GARNISHMENTS	PAYROLL/DEFERRED COMPENSATION	PAYROLL/BOYS AND GIRLS CLUB	PAYROLL/LIBERTY PRE-TAX
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 160
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	767	61,331	86,579	1,703	4,401
Total receipts	<u>767</u>	<u>61,331</u>	<u>86,579</u>	<u>1,703</u>	<u>4,401</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	767	61,331	86,579	1,703	4,561
Total disbursements	<u>767</u>	<u>61,331</u>	<u>86,579</u>	<u>1,703</u>	<u>4,561</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(160)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</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, 2014
 (Continued)

	PAYROLL/AFLAC 125	PAYROLL/DD-DIRECT DEPOSIT	PAYROLL/LIBERTY POST-TAX	PAYROLL/AFLAC CRITICAL ILLNESS	STORM WATER FUND
Cash and investments - beginning	\$ -	\$ -	\$ 537	\$ (10)	\$ 484,473
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	753,040
Other receipts	17,439	4,524,456	13,737	1,977	122,182
Total receipts	<u>17,439</u>	<u>4,524,456</u>	<u>13,737</u>	<u>1,977</u>	<u>875,222</u>
Disbursements:					
Personal services	-	-	-	-	43,740
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	534
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	15,410
Utility operating expenses	-	-	-	-	199,923
Other disbursements	17,359	4,524,456	14,274	1,967	118,917
Total disbursements	<u>17,359</u>	<u>4,524,456</u>	<u>14,274</u>	<u>1,967</u>	<u>378,524</u>
Excess (deficiency) of receipts over disbursements	<u>80</u>	<u>-</u>	<u>(537)</u>	<u>10</u>	<u>496,698</u>
Cash and investments - ending	<u>\$ 80</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 981,171</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	STORM WATER GRANT DR2-09-235	TRASH COLLECTION SERVICE	TRASH DEPRECIATION	SEWER OPERATING	SEWER DEPRECIATION
Cash and investments - beginning	\$ 21,218	\$ 71,229	\$ -	\$ 207,593	\$ 307,158
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	505,858	-	-	-	-
Charges for services	-	856,128	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	2,636,199	-
Other receipts	115,751	12,667	60,000	6,037,321	296,400
Total receipts	<u>621,609</u>	<u>868,795</u>	<u>60,000</u>	<u>8,673,520</u>	<u>296,400</u>
Disbursements:					
Personal services	-	553,811	-	559,296	-
Supplies	-	106,404	-	-	-
Other services and charges	-	39,498	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	462,610	39,285	-	120,388	-
Utility operating expenses	55,459	-	-	892,048	-
Other disbursements	124,758	60,841	-	6,900,709	-
Total disbursements	<u>642,827</u>	<u>799,839</u>	<u>-</u>	<u>8,472,441</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(21,218)</u>	<u>68,956</u>	<u>60,000</u>	<u>201,079</u>	<u>296,400</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 140,185</u>	<u>\$ 60,000</u>	<u>\$ 408,672</u>	<u>\$ 603,558</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	SEWER BOND AND INTEREST	SEWER BAN INTEREST FUND	SEWER INSURANCE FUND	SEWER BIO SOLIDS FUND	SEWER IN LIEU OF TAXES
Cash and investments - beginning	\$ 428,411	\$ -	\$ 32,406	\$ 90,981	\$ 2,965
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	384,000	39,312	20,461	31,999	133,482
Total receipts	<u>384,000</u>	<u>39,312</u>	<u>20,461</u>	<u>31,999</u>	<u>133,482</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	37,801	-	-
Debt service - principal and interest	380,030	39,312	-	-	-
Capital outlay	-	-	-	87,798	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	136,447
Total disbursements	<u>380,030</u>	<u>39,312</u>	<u>37,801</u>	<u>87,798</u>	<u>136,447</u>
Excess (deficiency) of receipts over disbursements	<u>3,970</u>	<u>-</u>	<u>(17,340)</u>	<u>(55,799)</u>	<u>(2,965)</u>
Cash and investments - ending	<u>\$ 432,381</u>	<u>\$ -</u>	<u>\$ 15,066</u>	<u>\$ 35,182</u>	<u>\$ -</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	SEWER BAN - CONSTRUCTION FUND	WATER OPERATING	WATER DEPRECIATION	WATER BOND AND INTEREST	WATER BAN INTEREST FUND
Cash and investments - beginning	\$ -	\$ 366,466	\$ 302,845	\$ 622,165	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	3,446,684	-	-	-
Other receipts	5,997,540	5,648,303	402,001	408,000	37,609
Total receipts	<u>5,997,540</u>	<u>9,094,987</u>	<u>402,001</u>	<u>408,000</u>	<u>37,609</u>
Disbursements:					
Personal services	-	595,076	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	336,295	404,237	26,655
Capital outlay	-	146,902	-	-	-
Utility operating expenses	89,445	1,201,528	-	-	-
Other disbursements	-	6,906,075	-	-	-
Total disbursements	<u>89,445</u>	<u>8,849,581</u>	<u>336,295</u>	<u>404,237</u>	<u>26,655</u>
Excess (deficiency) of receipts over disbursements	<u>5,908,095</u>	<u>245,406</u>	<u>65,706</u>	<u>3,763</u>	<u>10,954</u>
Cash and investments - ending	<u>\$ 5,908,095</u>	<u>\$ 611,872</u>	<u>\$ 368,551</u>	<u>\$ 625,928</u>	<u>\$ 10,954</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	WATER TOWER FUND	WATER INSURANCE FUND	WATER IN LIEU OF TAXES FUND	WATER BAN - CONSTRUCTION FUND	Totals
Cash and investments - beginning	\$ 51,734	\$ 8,300	\$ -	\$ -	\$ 18,438,316
Receipts:					
Taxes	-	-	-	-	7,917,366
Licenses and permits	-	-	-	-	220,402
Intergovernmental receipts	-	-	-	-	7,105,593
Charges for services	-	-	-	-	1,538,356
Fines and forfeits	-	-	-	-	70,294
Utility fees	-	-	-	-	6,835,923
Other receipts	72,000	51,237	177,886	5,502,331	38,705,602
Total receipts	72,000	51,237	177,886	5,502,331	62,393,536
Disbursements:					
Personal services	-	-	-	-	14,915,562
Supplies	-	-	-	-	888,529
Other services and charges	-	41,980	-	-	2,604,847
Debt service - principal and interest	-	-	-	-	1,606,682
Capital outlay	-	-	-	-	3,905,846
Utility operating expenses	1,780	-	-	59,344	2,499,527
Other disbursements	-	-	88,943	-	22,799,581
Total disbursements	1,780	41,980	88,943	59,344	49,220,574
Excess (deficiency) of receipts over disbursements	70,220	9,257	88,943	5,442,987	13,172,962
Cash and investments - ending	\$ 121,954	\$ 17,557	\$ 88,943	\$ 5,442,987	\$ 31,611,278

CITY OF BEDFORD
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2014

Government or Enterprise	Accounts Payable	Accounts Receivable
Storm Water	\$ -	\$ 67,692
Trash	-	75,446
Wastewater	-	251,557
Water	-	236,725
Governmental activities	-	-
Totals	<u>\$ -</u>	<u>\$ 631,420</u>

CITY OF BEDFORD
SCHEDULE OF LEASES AND DEBT
December 31, 2014

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	<u>29,338</u>	1/1/2012	12/31/2016
Total governmental activities		<u>133,365</u>		
Water:				
US Bancorp (originally All-American Investment Group LLC)	Improvements to Water Meters & Vaults (refinance of previous lease with PNC)	<u>305,168</u>	7/22/2014	7/22/2024
Total of annual lease payments		<u>\$ 438,533</u>		

Type	Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Revenue bonds	Plaza Drive North Project	\$ 2,110,000	\$ 316,448
Wastewater:			
Revenue bonds	Improvements to Sewer & Storm Water Systems (Ord 9-2014)	6,000,000	137,400
Revenue bonds	Improvements to Sewer Treatment Plant (CS182136 01)	1,570,000	340,530
Revenue bonds	Improvements to Sewer Treatment Plant (CS182136 02)	<u>180,000</u>	<u>40,220</u>
Total Wastewater		<u>7,750,000</u>	<u>518,150</u>
Water:			
Revenue bonds	Improvements to Water Treatment Plant (DW199101 01)	2,220,000	404,378
Revenue bonds	Improvements to Water Treatment Plant & Water Mains (Ord 8-2014)	<u>5,500,000</u>	<u>131,450</u>
Total Water		<u>7,720,000</u>	<u>535,828</u>
Totals		<u>\$ 17,580,000</u>	<u>\$ 1,370,426</u>

CITY OF BEDFORD
SCHEDULE OF CAPITAL ASSETS
December 31, 2014

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	\$ 1,029,120
Infrastructure	1,434,535
Buildings	1,490,117
Improvements other than buildings	25,595,530
Machinery, equipment, and vehicles	7,536,738
Total governmental activities	37,086,040
Storm Water:	
Infrastructure	893,046
Improvements other than buildings	210,507
Machinery, equipment, and vehicles	13,547
Total Storm Water	1,117,100
Trash:	
Machinery, equipment, and vehicles	697,677
Wastewater:	
Land	42,500
Infrastructure	563,936
Buildings	1,591,334
Improvements other than buildings	5,029,028
Machinery, equipment, and vehicles	2,133,186
Total Wastewater	9,359,984
Water:	
Land	42,500
Infrastructure	603,200
Buildings	1,530,751
Improvements other than buildings	7,297,260
Machinery, equipment, and vehicles	4,047,735
Total Water	13,521,446
Total capital assets	\$ 61,782,247

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for the 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 its major federal program for the year ended December 31, 2014. The City's major federal program is 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 the City's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the 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 its major federal program for the year ended December 31, 2014.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 to be a material weakness.

The City's response to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the response.

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

March 20, 2017

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

CITY OF BEDFORD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

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 DR2-09-235		14.228	DR2-09-235	\$ 505,858
Total - CDBG - State-Administered CDBG Cluster				<u>505,858</u>
Total - Department of Housing and Urban Development				<u>505,858</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster				
Highway Planning and Construction	Indiana Department of Transportation			
Stellar Communities/Milwaukee Depot Project (Relocation and Rehabilitation)		20.205	A249-14-320979	52,575
Stellar Communities/Limestone Trail Project		20.205	A249-14-320982	<u>90,597</u>
Total - Highway Planning and Construction Cluster				<u>143,172</u>
Formula Grants for Rural Areas	Indiana Department of Transportation			
Transit Grant Operating 2014		20.509	180032	<u>189,647</u>
Total - Department of Transportation				<u>332,819</u>
Total federal awards expended				<u>\$ 838,677</u>

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

CITY OF BEDFORD
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. *Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2014. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

Note 2. *Summary of Significant Accounting Policies*

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, 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 weakness identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weakness identified?	yes
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Program:

_____ Name of Federal Program or Cluster _____
CDBG - State-Administered CDBG Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-001 - DAVIS-BACON ACT

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Federal Award Number and Year (or Other Identifying Number): DR2-09-235
Pass-Through Entity: Office of Community and Rural Affairs (OCRA)

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

Condition

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the Davis-Bacon Act requirements.

The City hired a Grant Administrator to oversee Davis-Bacon Act compliance, including monitoring the submission of weekly payrolls. There was no evidence of a control, such as an oversight, review, or approval process, by the City to ensure that the Davis-Bacon Act requirements were met.

Context

There was no evidence of internal controls over compliance with the Davis-Bacon Act requirements. This was pervasive throughout the entire audit period.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish an effective internal control system placed the City at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish and implement controls related to the grant agreement and the Davis-Bacon Act requirements.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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AUDITEE-PREPARED DOCUMENT

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



Marsha Pfeiffer
BEDFORD CLERK-TREASURER
LAWRENCE COUNTY, INDIANA
CORRECTIVE ACTION PLAN

FINDING 2014-001 – DAVIS BACON

Contact Person Responsible for Corrective Action: Marsha Pfeiffer
Contact Phone Number: (812) 275-1606

Views of Responsible Official:

The City of Bedford contracted with ARA – Administrative Resources Association to oversee and administer the Storm Drainage Grant. As part of the contract, ARA was to monitor and review the Davis-Bacon. While we agree there was not an Internal Control in place, the City of Bedford had complete confidence that all parts of the project concerning Davis Bacon was followed and addressed by ARA.

Description of Corrective Action Plan:

The City of Bedford will be implementing the following procedures to insure there are proper internal controls over the monitoring and review of Davis-Bacon and other various parts of all grants:

1. A checklist will be created for all project files by the Grant Administrator.
2. The checklist will be completed during various parts of the Grant process including, but not limited to Davis-Bacon.
3. The Clerk-Treasurer and/or 1st Deputy, along with Department Head overseeing the project will meet monthly with the Grant Administrator to review pay applications/payrolls and all financials. All responsible parties will verify the information is correct and sign off.

Anticipated Completion Date March 8, 2017

Marsha Pfeiffer

(Signature)
Clerk - Treasurer

(Title)
3/8/17

(Date)

OTHER REPORTS

In addition to this report, other reports may have been issued for the City. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.