

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, 2015 to December 31, 2015



FILED
06/05/2017

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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	01-01-12 to 12-31-17
President Pro Tempore of the Common Council	Byron L. Buker	01-01-15 to 12-31-17
Utilities Director	Misty Adams	01-01-15 to 12-31-17



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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, 2015, 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 (Indiana Code 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, 2015.

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, 2015, 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 April 18, 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

April 18, 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, 2015, and the related notes to the financial statement, and have issued our report thereon dated April 18, 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 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 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. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001, that we consider to be a material weakness.

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 2015-001.

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

April 18, 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, 2015

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
GENERAL FUND	\$ 4,349,104	\$ 8,521,284	\$ 9,118,083	\$ 3,752,305
MVH-MOTOR VEHICLE HIGHWAY	764,875	1,790,621	1,739,858	815,638
LRS- LOCAL ROADS AND STREET	38,408	75,251	74,528	39,131
PARK NONREVERTING	82,121	32,355	26,647	87,829
CRIME CONTROL FUND	5,000	-	-	5,000
LOCAL LAW ENFORCEMENT CONTINUING EDUCATION	17,723	17,999	19,416	16,306
ELECTRONIC MAP GENERATION	991	32	-	1,023
PARK AND RECREATION	417,721	1,689,386	1,563,199	543,908
RAINY DAY	57,721	-	-	57,721
LEVY EXCESS	168	-	-	168
CUMULATIVE CAPITAL IMPROVEMENT - CIGARETTE TAX	27,973	33,690	21,847	39,816
CUMULATIVE CAPITAL DEVELOPMENT	217,751	142,377	78,847	281,281
NONREVERTING GOLF CARTS	40,241	63,779	54,808	49,212
TIF REDEVELOPMENT DISTRICT CAPITAL FUND	138,443	922	139,365	-
ANTHEM GROUP INSURANCE	3,310,165	2,899,449	2,637,692	3,571,922
POLICE PENSION	360,310	579,817	489,923	450,204
FIRE PENSION	352,010	648,189	578,864	421,335
LOCAL OPTION INCOME TAX	685,765	753,766	704,245	735,286
INDIANA HISTORIC PATHWAY GRANT	3,400	10,400	13,000	800
BIKE AND PEDESTRIAN TRAILS GRANT FUND	-	10,000	10,000	-
OTIS MERCHANDISE SALES	254	25,328	23,425	2,157
PARK NONREVERTING SHELTER DEPOSITS	2,300	33,330	32,835	2,795
OTIS TRUST FUND	4,406	2,995	-	7,401
NONREVERTING OTIS PARK	118,476	76,022	58,191	136,307
NONREVERTING JOHN LOWERY POOL	12,652	20,850	12,744	20,758
DARE FUND	9,706	7,549	7,098	10,157
LAWRENCE COUNTY LOCAL COORDINATING COUNCIL-DRUG FEE FUND	432	9,096	9,075	453
FIRE PREVENTION FUND	6,259	2,150	2,204	6,205
HOUSING REHAB HD-000-009	2,775	258,929	258,921	2,783
MICRO LOAN PROGRAM 89-001M G	9,804	830	-	10,634
3286ALARMS	9,734	475	-	10,209
FIREARMS FUND	-	1,200	-	1,200
PETTY CASH AND CHANGE FUNDS	1,815	-	-	1,815
TIF REDEVELOPMENT DISTRICT GENERAL FUND	2,626,424	1,274,792	2,289,692	1,611,524
TIF BOND PRINCIPAL AND INTEREST	319,448	142,286	255,122	206,612
TIF DEBT SERVICE RESERVE ACCOUNT	319,260	-	319,260	-
BEDFORD REDEVELOPMENT COMMISSION	118,224	42,977	-	161,201
STELLAR COMMUNITY DONATION FUND	115,000	301,615	-	416,615
STELLAR/DEPOT PROJECT FUND	43,225	1,092,776	1,051,844	84,157
STELLAR/TRAIL PROJECT FUND	143,718	372,739	190,806	325,651
STELLAR/STREET PHASE I FUND	146,017	148,185	16,663	277,539
STELLAR/STREET PHASE II FUND	146,017	148,185	16,663	277,539
STELLAR/COURTHOUSE RENOVATION FUND	615,915	78,363	569,524	124,754
STELLAR/GATEWAYS PROJECT FUND	-	50,000	-	50,000
STELLAR/MURALS PROJECT FUND	15,000	-	6,000	9,000
STELLAR/PAVILION PARK/ALLEY FUND	-	250,000	484	249,516
STELLAR/DOWNTOWN FACADES	-	77,063	77,063	-
NONREVERTING TRANSIT CAPITAL IMPROVEMENT FUND	31	191,231	61,075	130,187
WATER BAN INTEREST FUND	10,954	131,450	131,450	10,954
SEWER BAN INTEREST FUND	-	137,400	137,400	-

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, 2015
(Continued)

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
TASC BUS FARES	1,191	10,946	11,248	889
PAYROLL	-	914,681	914,681	-
PAYROLL/FEDERAL WITHHOLDING	-	794,900	794,900	-
PAYROLL/FICA	-	467,134	467,134	-
PAYROLL/MEDICARE	-	183,789	183,789	-
PAYROLL/STATE WITHHOLDING	21,196	252,221	253,615	19,802
PAYROLL/COUNTY WITHHOLDING	9,003	110,326	110,711	8,618
PAYROLL/PERF	-	113,211	113,211	-
PAYROLL/1977 POLICE PENSION	-	79,466	79,466	-
PAYROLL/1977 FIRE PENSION	-	92,493	92,493	-
AMERICAN FIDELITY/HEALTH FSA PRE-TAX	-	48,785	48,785	-
AMERICAN FIDELITY ASSURANCE/PRE-TAX	-	14,214	14,214	-
AMERICAN FIDELITY ASSURANCE/POST-TAX	-	32,050	32,050	-
PAYROLL/TEXAS LIFE	-	2,251	2,251	-
PAYROLL/VISION	1,581	19,851	19,782	1,650
PAYROLL/DENTAL	397	6,139	6,070	466
PAYROLL/BLUE CROSS	47,992	599,860	602,758	45,094
PAYROLL/FIREFIGHTERS DUES	-	9,964	9,964	-
PAYROLL/BONDS	-	4,727	4,727	-
PAYROLL/AMERICAN HERITAGE	-	1,178	1,178	-
PAYROLL/AFLAC (POST TAX)	-	767	767	-
PAYROLL/GARNISHMENTS	-	55,563	55,563	-
PAYROLL/DEFERRED COMPENSATION	-	91,001	91,001	-
PAYROLL/BOYS AND GIRLS CLUB	-	2,316	2,316	-
PAYROLL/LIBERTY PRE-TAX	-	4,517	4,517	-
PAYROLL/AFLAC 125	80	15,023	15,103	-
PAYROLL/DD-DIRECT DEPOSIT	-	4,638,021	4,638,021	-
PAYROLL/LIBERTY POST-TAX	-	13,994	13,994	-
PAYROLL/AFLAC CRITICAL ILLNESS	-	1,685	1,685	-
STORM WATER FUND	981,171	768,840	460,456	1,289,555
TRASH COLLECTION SERVICE	140,185	862,801	968,439	34,547
TRASH DEPRECIATION	60,000	74,000	-	134,000
SEWER OPERATING	408,672	2,633,157	2,700,433	341,396
SEWER DEPRECIATION	603,558	296,400	175,776	724,182
SEWER BOND AND INTEREST	432,381	384,000	380,750	435,631
SEWER INSURANCE FUND	15,066	38,151	40,189	13,028
SEWER BIO SOLIDS FUND	35,182	56,000	26,933	64,249
SEWER IN LIEU OF TAXES	-	136,447	136,447	-
SEWER BAN - CONSTRUCTION FUND	5,908,095	24,966	1,009,754	4,923,307
WATER OPERATING	611,872	3,603,709	3,267,411	948,170
WATER DEPRECIATION	368,551	402,000	335,993	434,558
WATER BOND AND INTEREST	625,928	408,000	404,378	629,550
WATER TOWER FUND	121,954	72,000	-	193,954
WATER INSURANCE FUND	17,557	55,833	58,040	15,350
WATER IN LIEU OF TAXES FUND	88,943	177,885	266,828	-
WATER BAN - CONSTRUCTION FUND	5,442,987	13,635	2,004,890	3,451,732
Totals	<u>\$ 31,611,278</u>	<u>\$ 40,736,030</u>	<u>\$ 43,620,572</u>	<u>\$ 28,726,736</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 non-businesses 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. Subsequent Events

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.

Note 8. 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, 2015

	GENERAL FUND	MVH-MOTOR VEHICLE HIGHWAY	LRS- LOCAL ROADS AND STREET	PARK NONREVERTING	CRIME CONTROL FUND	LOCAL LAW ENFORCEMENT CONTINUING EDUCATION	ELECTRONIC MAP GENERATION
Cash and investments - beginning	\$ 4,349,104	\$ 764,875	\$ 38,408	\$ 82,121	\$ 5,000	\$ 17,723	\$ 991
Receipts:							
Taxes	4,417,019	1,019,072	-	-	-	-	-
Licenses and permits	230,980	-	-	-	-	7,120	-
Intergovernmental receipts	3,595,690	738,242	75,251	-	-	-	-
Charges for services	119,514	-	-	32,355	-	3,143	32
Fines and forfeits	53,239	-	-	-	-	1,236	-
Utility fees	-	-	-	-	-	-	-
Other receipts	104,842	33,307	-	-	-	6,500	-
Total receipts	<u>8,521,284</u>	<u>1,790,621</u>	<u>75,251</u>	<u>32,355</u>	<u>-</u>	<u>17,999</u>	<u>32</u>
Disbursements:							
Personal services	5,906,529	870,805	-	14,852	-	-	-
Supplies	372,973	257,572	-	11,176	-	2,631	-
Other services and charges	1,570,557	102,184	-	-	-	16,785	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	1,255,088	509,297	74,528	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	12,936	-	-	619	-	-	-
Total disbursements	<u>9,118,083</u>	<u>1,739,858</u>	<u>74,528</u>	<u>26,647</u>	<u>-</u>	<u>19,416</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(596,799)</u>	<u>50,763</u>	<u>723</u>	<u>5,708</u>	<u>-</u>	<u>(1,417)</u>	<u>32</u>
Cash and investments - ending	<u>\$ 3,752,305</u>	<u>\$ 815,638</u>	<u>\$ 39,131</u>	<u>\$ 87,829</u>	<u>\$ 5,000</u>	<u>\$ 16,306</u>	<u>\$ 1,023</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	PARK AND RECREATION	RAINY DAY	LEVY EXCESS	CUMULATIVE CAPITAL IMPOVEMENT - CIGARETTE TAX	CUMULATIVE CAPITAL DEVELOPMENT	NONREVERTING GOLF CARTS	TIF REDEVELOPMENT DISTRICT CAPITAL FUND
Cash and investments - beginning	\$ 417,721	\$ 57,721	\$ 168	\$ 27,973	\$ 217,751	\$ 40,241	\$ 138,443
Receipts:							
Taxes	1,203,419	-	-	-	132,301	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	91,667	-	-	33,690	10,076	-	-
Charges for services	377,661	-	-	-	-	59,563	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	16,639	-	-	-	-	4,216	922
Total receipts	<u>1,689,386</u>	<u>-</u>	<u>-</u>	<u>33,690</u>	<u>142,377</u>	<u>63,779</u>	<u>922</u>
Disbursements:							
Personal services	1,018,897	-	-	-	-	-	-
Supplies	181,429	-	-	-	-	-	-
Other services and charges	212,277	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	50,716	-
Capital outlay	136,281	-	-	21,847	78,847	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	14,315	-	-	-	-	4,092	139,365
Total disbursements	<u>1,563,199</u>	<u>-</u>	<u>-</u>	<u>21,847</u>	<u>78,847</u>	<u>54,808</u>	<u>139,365</u>
Excess (deficiency) of receipts over disbursements	<u>126,187</u>	<u>-</u>	<u>-</u>	<u>11,843</u>	<u>63,530</u>	<u>8,971</u>	<u>(138,443)</u>
Cash and investments - ending	<u>\$ 543,908</u>	<u>\$ 57,721</u>	<u>\$ 168</u>	<u>\$ 39,816</u>	<u>\$ 281,281</u>	<u>\$ 49,212</u>	<u>\$ -</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	ANTHEM GROUP INSURANCE	POLICE PENSION	FIRE PENSION	LOCAL OPTION INCOME TAX	INDIANA HISTORIC PATHWAY GRANT	BIKE AND PEDESTRIAN TRAILS GRANT FUND	OTIS MERCHANDISE SALES
Cash and investments - beginning	\$ 3,310,165	\$ 360,310	\$ 352,010	\$ 685,765	\$ 3,400	\$ -	\$ 254
Receipts:							
Taxes	-	54,827	50,060	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	524,990	598,129	753,766	10,400	-	-
Charges for services	-	-	-	-	-	-	25,328
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	2,899,449	-	-	-	-	10,000	-
Total receipts	<u>2,899,449</u>	<u>579,817</u>	<u>648,189</u>	<u>753,766</u>	<u>10,400</u>	<u>10,000</u>	<u>25,328</u>
Disbursements:							
Personal services	2,608,558	489,923	578,864	704,245	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	29,134	-	-	-	-	10,000	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	13,000	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	23,425
Total disbursements	<u>2,637,692</u>	<u>489,923</u>	<u>578,864</u>	<u>704,245</u>	<u>13,000</u>	<u>10,000</u>	<u>23,425</u>
Excess (deficiency) of receipts over disbursements	<u>261,757</u>	<u>89,894</u>	<u>69,325</u>	<u>49,521</u>	<u>(2,600)</u>	<u>-</u>	<u>1,903</u>
Cash and investments - ending	<u>\$ 3,571,922</u>	<u>\$ 450,204</u>	<u>\$ 421,335</u>	<u>\$ 735,286</u>	<u>\$ 800</u>	<u>\$ -</u>	<u>\$ 2,157</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	PARK NONREVERTING SHELTER DEPOSITS	OTIS TRUST FUND	NONREVERTING OTIS PARK	NONREVERTING JOHN LOWERY POOL	DARE FUND	LAWRENCE COUNTY LOCAL COORDINATING COUNCIL-DRUG FEE FUND	FIRE PREVENTION FUND
Cash and investments - beginning	\$ 2,300	\$ 4,406	\$ 118,476	\$ 12,652	\$ 9,706	\$ 432	\$ 6,259
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	33,330	-	73,201	20,688	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	2,995	2,821	162	7,549	9,096	2,150
Total receipts	<u>33,330</u>	<u>2,995</u>	<u>76,022</u>	<u>20,850</u>	<u>7,549</u>	<u>9,096</u>	<u>2,150</u>
Disbursements:							
Personal services	-	-	-	7,687	-	-	-
Supplies	-	-	-	1,482	5,000	1,750	2,204
Other services and charges	-	-	-	3,500	2,098	7,325	-
Debt service - principal and interest	-	-	53,311	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	32,835	-	4,880	75	-	-	-
Total disbursements	<u>32,835</u>	<u>-</u>	<u>58,191</u>	<u>12,744</u>	<u>7,098</u>	<u>9,075</u>	<u>2,204</u>
Excess (deficiency) of receipts over disbursements	<u>495</u>	<u>2,995</u>	<u>17,831</u>	<u>8,106</u>	<u>451</u>	<u>21</u>	<u>(54)</u>
Cash and investments - ending	<u>\$ 2,795</u>	<u>\$ 7,401</u>	<u>\$ 136,307</u>	<u>\$ 20,758</u>	<u>\$ 10,157</u>	<u>\$ 453</u>	<u>\$ 6,205</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	HOUSING REHAB HD-000-009	MICRO LOAN PROGRAM 89-001M G	3286ALARMS	FIREARMS FUND	PETTY CASH AND CHANGE FUNDS	TIF REDEVELOPMENT DISTRICT GENERAL FUND	TIF BOND PRINCIPAL AND INTEREST
Cash and investments - beginning	\$ 2,775	\$ 9,804	\$ 9,734	\$ -	\$ 1,815	\$ 2,626,424	\$ 319,448
Receipts:							
Taxes	-	-	-	-	-	1,101,736	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	258,921	-	-	-	-	74,948	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	475	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	8	830	-	1,200	-	98,108	142,286
Total receipts	<u>258,929</u>	<u>830</u>	<u>475</u>	<u>1,200</u>	<u>-</u>	<u>1,274,792</u>	<u>142,286</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	257,095	750
Debt service - principal and interest	-	-	-	-	-	-	254,372
Capital outlay	-	-	-	-	-	786,153	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	258,921	-	-	-	-	1,246,444	-
Total disbursements	<u>258,921</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,289,692</u>	<u>255,122</u>
Excess (deficiency) of receipts over disbursements	<u>8</u>	<u>830</u>	<u>475</u>	<u>1,200</u>	<u>-</u>	<u>(1,014,900)</u>	<u>(112,836)</u>
Cash and investments - ending	<u>\$ 2,783</u>	<u>\$ 10,634</u>	<u>\$ 10,209</u>	<u>\$ 1,200</u>	<u>\$ 1,815</u>	<u>\$ 1,611,524</u>	<u>\$ 206,612</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	TIF DEBT SERVICE RESERVE ACCOUNT	BEDFORD REDEVELOPMENT COMMISSION	STELLAR COMMUNITY DONATION FUND	STELLAR/DEPOT PROJECT FUND	STELLAR/TRAIL PROJECT FUND	STELLER/STREET PHASE I FUND	STELLER/STREET PHASE II FUND
Cash and investments - beginning	\$ 319,260	\$ 118,224	\$ 115,000	\$ 43,225	\$ 143,718	\$ 146,017	\$ 146,017
Receipts:							
Taxes	-	42,608	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	326,646	157,919	2,168	2,168
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	369	301,615	766,130	214,820	146,017	146,017
Total receipts	-	42,977	301,615	1,092,776	372,739	148,185	148,185
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	262,049	190,806	16,663	16,663
Debt service - principal and interest	319,260	-	-	-	-	-	-
Capital outlay	-	-	-	789,795	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	319,260	-	-	1,051,844	190,806	16,663	16,663
Excess (deficiency) of receipts over disbursements	(319,260)	42,977	301,615	40,932	181,933	131,522	131,522
Cash and investments - ending	\$ -	\$ 161,201	\$ 416,615	\$ 84,157	\$ 325,651	\$ 277,539	\$ 277,539

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	STELLAR/COURTHOUSE RENOVATION FUND	STELLAR/GATEWAYS PROJECT FUND	STELLAR/MURALS PROJECT FUND	STELLAR/PAVILION PARK/ALLEY FUND	STELLAR/DOWNTOWN FACADES	NONREVERTING TRANSIT CAPITAL IMPROVEMENT FUND	WATER BAN INTEREST FUND
Cash and investments - beginning	\$ 615,915	\$ -	\$ 15,000	\$ -	\$ -	\$ 31	\$ 10,954
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	77,063	185,031	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	78,363	50,000	-	250,000	-	6,200	131,450
Total receipts	78,363	50,000	-	250,000	77,063	191,231	131,450
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	77,063	-	-
Debt service - principal and interest	-	-	-	-	-	-	131,450
Capital outlay	569,524	-	6,000	484	-	61,075	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	569,524	-	6,000	484	77,063	61,075	131,450
Excess (deficiency) of receipts over disbursements	(491,161)	50,000	(6,000)	249,516	-	130,156	-
Cash and investments - ending	\$ 124,754	\$ 50,000	\$ 9,000	\$ 249,516	\$ -	\$ 130,187	\$ 10,954

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	SEWER BAN INTEREST FUND	TASC BUS FARES	PAYROLL	PAYROLL/FEDERAL WITHHOLDING	PAYROLL/FICA	PAYROLL/MEDICARE	PAYROLL/STATE WITHHOLDING
Cash and investments - beginning	\$ -	\$ 1,191	\$ -	\$ -	\$ -	\$ -	\$ 21,196
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	10,946	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	137,400	-	914,681	794,900	467,134	183,789	252,221
Total receipts	137,400	10,946	914,681	794,900	467,134	183,789	252,221
Disbursements:							
Personal services	-	-	914,681	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	137,400	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	11,248	-	794,900	467,134	183,789	253,615
Total disbursements	137,400	11,248	914,681	794,900	467,134	183,789	253,615
Excess (deficiency) of receipts over disbursements	-	(302)	-	-	-	-	(1,394)
Cash and investments - ending	\$ -	\$ 889	\$ -	\$ -	\$ -	\$ -	\$ 19,802

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	PAYROLL/COUNTY WITHHOLDING	PAYROLL/PERF	PAYROLL/1977 POLICE PENSION	PAYROLL/1977 FIRE PENSION	AMERICAN FIDELITY/HEALTH FSA PRE-TAX	AMERICAN FIDELITY ASSURANCE/PRE-TAX	AMERICAN FIDELITY ASSURANCE/POST-TAX
Cash and investments - beginning	\$ 9,003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	110,326	113,211	79,466	92,493	48,785	14,214	32,050
Total receipts	110,326	113,211	79,466	92,493	48,785	14,214	32,050
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	110,711	113,211	79,466	92,493	48,785	14,214	32,050
Total disbursements	110,711	113,211	79,466	92,493	48,785	14,214	32,050
Excess (deficiency) of receipts over disbursements	(385)	-	-	-	-	-	-
Cash and investments - ending	\$ 8,618	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	PAYROLL/TEXAS LIFE	PAYROLL/VISION	PAYROLL/DENTAL	PAYROLL/BLUE CROSS	PAYROLL/FIREFIGHTERS DUES	PAYROLL/BONDS	PAYROLL/AMERICAN HERITAGE
Cash and investments - beginning	\$ -	\$ 1,581	\$ 397	\$ 47,992	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	2,251	19,851	6,139	599,860	9,964	4,727	1,178
Total receipts	2,251	19,851	6,139	599,860	9,964	4,727	1,178
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	2,251	19,782	6,070	602,758	9,964	4,727	1,178
Total disbursements	2,251	19,782	6,070	602,758	9,964	4,727	1,178
Excess (deficiency) of receipts over disbursements	-	69	69	(2,898)	-	-	-
Cash and investments - ending	\$ -	\$ 1,650	\$ 466	\$ 45,094	\$ -	\$ -	\$ -

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	PAYROLL/AFLAC (POST TAX)	PAYROLL/GARNISHMENTS	PAYROLL/DEFERRED COMPENSATION	PAYROLL/BOYS AND GIRLS CLUB	PAYROLL/LIBERTY PRE-TAX	PAYROLL/AFLAC 125	PAYROLL/DD-DIRECT DEPOSIT
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	767	55,563	91,001	2,316	4,517	15,023	4,638,021
Total receipts	767	55,563	91,001	2,316	4,517	15,023	4,638,021
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	767	55,563	91,001	2,316	4,517	15,103	4,638,021
Total disbursements	767	55,563	91,001	2,316	4,517	15,103	4,638,021
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	(80)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	PAYROLL/LIBERTY POST-TAX	PAYROLL/AFLAC CRITICAL ILLNESS	STORM WATER FUND	TRASH COLLECTION SERVICE	TRASH DEPRECIATION	SEWER OPERATING	SEWER DEPRECIATION
Cash and investments - beginning	\$ -	\$ -	\$ 981,171	\$ 140,185	\$ 60,000	\$ 408,672	\$ 603,558
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	854,647	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	755,196	-	-	2,594,219	-
Other receipts	13,994	1,685	13,644	8,154	74,000	38,938	296,400
Total receipts	13,994	1,685	768,840	862,801	74,000	2,633,157	296,400
Disbursements:							
Personal services	-	-	69,072	555,362	-	556,062	-
Supplies	-	-	-	145,668	-	-	-
Other services and charges	-	-	28	97,332	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	53,062	95,339	-	67,960	175,776
Utility operating expenses	-	-	335,287	-	-	1,026,477	-
Other disbursements	13,994	1,685	3,007	74,738	-	1,049,934	-
Total disbursements	13,994	1,685	460,456	968,439	-	2,700,433	175,776
Excess (deficiency) of receipts over disbursements	-	-	308,384	(105,638)	74,000	(67,276)	120,624
Cash and investments - ending	\$ -	\$ -	\$ 1,289,555	\$ 34,547	\$ 134,000	\$ 341,396	\$ 724,182

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	SEWER BOND AND INTEREST	SEWER INSURANCE FUND	SEWER BIO SOLIDS FUND	SEWER IN LIEU OF TAXES	SEWER BAN - CONSTRUCTION FUND	WATER OPERATING	WATER DEPRECIATION
Cash and investments - beginning	\$ 432,381	\$ 15,066	\$ 35,182	\$ -	\$ 5,908,095	\$ 611,872	\$ 368,551
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	3,364,597	-
Other receipts	384,000	38,151	56,000	136,447	24,966	239,112	402,000
Total receipts	384,000	38,151	56,000	136,447	24,966	3,603,709	402,000
Disbursements:							
Personal services	-	-	-	-	-	564,846	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	40,189	-	-	-	-	-
Debt service - principal and interest	380,750	-	-	-	-	-	305,168
Capital outlay	-	-	26,933	-	-	149,905	30,825
Utility operating expenses	-	-	-	-	1,009,754	1,141,355	-
Other disbursements	-	-	-	136,447	-	1,411,305	-
Total disbursements	380,750	40,189	26,933	136,447	1,009,754	3,267,411	335,993
Excess (deficiency) of receipts over disbursements	3,250	(2,038)	29,067	-	(984,788)	336,298	66,007
Cash and investments - ending	\$ 435,631	\$ 13,028	\$ 64,249	\$ -	\$ 4,923,307	\$ 948,170	\$ 434,558

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	WATER BOND AND INTEREST	WATER TOWER FUND	WATER INSURANCE FUND	WATER IN LIEU OF TAXES FUND	WATER BAN - CONSTRUCTION FUND	Totals
Cash and investments - beginning	\$ 625,928	\$ 121,954	\$ 17,557	\$ 88,943	\$ 5,442,987	\$ 31,611,278
Receipts:						
Taxes	-	-	-	-	-	8,021,042
Licenses and permits	-	-	-	-	-	238,100
Intergovernmental receipts	-	-	-	-	-	7,516,765
Charges for services	-	-	-	-	-	1,610,408
Fines and forfeits	-	-	-	-	-	54,950
Utility fees	-	-	-	-	-	6,714,012
Other receipts	408,000	72,000	55,833	177,885	13,635	16,580,753
Total receipts	408,000	72,000	55,833	177,885	13,635	40,736,030
Disbursements:						
Personal services	-	-	-	-	-	14,860,383
Supplies	-	-	-	-	-	981,885
Other services and charges	-	-	58,040	-	-	2,970,538
Debt service - principal and interest	404,378	-	-	-	-	2,036,805
Capital outlay	-	-	-	-	-	4,901,719
Utility operating expenses	-	-	-	-	2,004,890	5,517,763
Other disbursements	-	-	-	266,828	-	12,351,479
Total disbursements	404,378	-	58,040	266,828	2,004,890	43,620,572
Excess (deficiency) of receipts over disbursements	3,622	72,000	(2,207)	(88,943)	(1,991,255)	(2,884,542)
Cash and investments - ending	\$ 629,550	\$ 193,954	\$ 15,350	\$ -	\$ 3,451,732	\$ 28,726,736

CITY OF BEDFORD
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2015

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ -	\$ -
Storm Water	-	70,954
Trash	-	77,405
Wastewater	-	253,709
Water	-	236,811
	<u>-</u>	<u>638,879</u>
Totals	<u>\$ -</u>	<u>\$ 638,879</u>

CITY OF BEDFORD
SCHEDULE OF LEASES AND DEBT
December 31, 2015

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 Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Revenue bonds	Plaza Drive North Project	\$ 1,680,000	\$ 260,828
Wastewater:			
Revenue bonds	Improvements to Sewer Treatment Plant (CS182136 01)	1,275,000	341,975
Revenue bonds	Improvements to Sewer Treatment Plant (CS182136 02)	145,000	39,205
Revenue bonds	Improvements to Sewer & Storm Water Systems (Ord 9-2014)	<u>6,000,000</u>	<u>137,400</u>
Total Wastewater		<u>7,420,000</u>	<u>518,580</u>
Water:			
Revenue bonds	Improvements to Water Treatment Plant & Water Mains (Ord 8-2014)	1,875,000	404,228
Revenue bonds	Improvements to Water Treatment Plant (DW199101 01)	<u>5,500,000</u>	<u>131,450</u>
Total Water		<u>7,375,000</u>	<u>535,678</u>
Totals		<u>\$ 16,475,000</u>	<u>\$ 1,315,086</u>

CITY OF BEDFORD
SCHEDULE OF CAPITAL ASSETS
December 31, 2015

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	26,401,354
Machinery, equipment, and vehicles	8,195,747
Total governmental activities	38,550,873
Storm Water:	
Infrastructure	1,196,942
Improvements other than buildings	210,507
Machinery, equipment, and vehicles	65,538
Total Storm Water	1,472,987
Trash:	
Machinery, equipment, and vehicles	783,677
Wastewater:	
Land	42,500
Infrastructure	1,783,571
Buildings	1,591,334
Improvements other than buildings	5,029,028
Machinery, equipment, and vehicles	2,210,949
Total Wastewater	10,657,382
Water:	
Land	42,500
Infrastructure	1,013,528
Buildings	3,131,076
Improvements other than buildings	7,297,260
Machinery, equipment, and vehicles	4,167,711
Total Water	15,652,075
Total capital assets	\$ 67,116,994

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 *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2015. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2015.

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 the Uniform Guidance, 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 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. A significant deficiency in internal control over compliance is a deficiency, or a 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

April 18, 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, 2015

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	Pass-Through To Subrecipient	Total Federal Awards Expended
Department of Housing and Urban Development					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii Stellar Downtown Facades	Office of Community And Rural Affairs	14.228	A192-15-ST-12-101	\$ -	\$ 77,063
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii Homeowner Repair and Improvement	Indiana Housing and Community Development Authori	14.228	DR2OR-012-010	<u>258,921</u>	<u>258,921</u>
Total - Department of Housing and Urban Development				<u>258,921</u>	<u>335,984</u>
Department of Transportation					
Highway Planning and Construction Cluster Highway Planning and Construction Stellar Communities/Milwaukee Depot Project (Relocation and Rehabilitation)	Indiana Department of Transportation	20.205	A249-14-320979	-	326,646
Stellar Street/PH II Fund			A249-14-320980	-	2,168
Stellar Street/PH I Fund			A249-14-320981	-	2,168
Stellar Communities/Limestone Trail Project			A249-14-320982	-	157,919
Indiana Historic Pathways Grant			A249-13-320564	-	10,400
Plaza Drive South Phase II			A249-09-320933	-	68,308
Total - Highway Planning and Construction Cluster				-	<u>567,609</u>
Formula Grants for Rural Areas Transit Grant ARRA Capital Grant Replacement Vans-Rural Award	Indiana Department of Transportation	20.509	A249-15-320462	-	192,801
			A249-14-320474	-	146,895
			A249-15-G140001	-	38,136
Total - Formula Grants for Rural Areas				-	<u>377,832</u>
Total - Department of Transportation				-	<u>945,441</u>
Total federal awards expended				<u>\$ 258,921</u>	<u>\$ 1,281,425</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, 2015. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 the Uniform Guidance 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. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
Material weakness identified?	no
Significant deficiency identified?	none reported
Any audit finding disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	no

Identification of Major Program and type of auditor's report issued on compliance for it:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Highway Planning and Construction Cluster	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
--	----

Section II - Financial Statement Findings

FINDING 2015-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Condition

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). One individual independently prepared the SEFA for inclusion in the financial report without any oversight, review, or approval process to verify the accuracy of the information and amounts. This resulted in the following errors on the SEFA:

1. The ARRA - Formula Grants for Rural Areas grant in the amount of \$146,895 was omitted.
2. The Formula Grants for Rural Areas grants were understated in the amount of \$38,136.

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

3. The Highway Planning and Construction grant was overstated by \$6,640.
4. Funds passed through to subrecipients totaling \$258,921 were not disclosed.

Audit adjustments were proposed, accepted by the City, and made to the SEFA.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards*. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. 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 Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal 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.

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

- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must 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. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the City. The documents are presented as intended by the City.



Marsha Pfeiffer
BEDFORD CLERK-TREASURER
LAWRENCE COUNTY, INDIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-001

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Office of Community and Rural Affairs

Contact Person Responsible for Corrective Action: Marsha Pfeiffer

Contact Phone Number: (812) 275-1606

Status of Audit Finding:

CDBG Grant DR2-09-235 was closed out on 10/23/2014

Marsha Pfeiffer

(Signature)

Clerk - Treasurer

(Title)

3/28/17

(Date)



Marsha Pfeiffer
BEDFORD CLERK-TREASURER
LAWRENCE COUNTY, INDIANA

CORRECTIVE ACTION PLAN

FINDING 2015-001

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

Views of Responsible Official

The City of Bedford concurs there was not proper Internal Controls in place to ensure SEFA information was accurate and complete. The SEFA was prepared by one individual and no "double check" was performed.

Description of Corrective Action Plan:

Once SEFA has been completed, the Clerk-Treasurer and or 1st Deputy will review SEFA for accurate information and all responsible parties involved with said Grants will be required to review SEFA for accuracy and sign off along with the Clerk-Treasurer. A copy of the completed SEFA with proper signatures will be filed as part of the AFR. The Corrective Action Plan has already been implemented and was completed as part of the 2016 AFR.

Anticipated Completion Date: February 27, 2017

Marsha Pfeiffer

(Signature)
Clerk-Treasurer

(Title)
3/29/17

(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/>.