

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, 2016 to December 31, 2016



FILED
12/21/2018

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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	01-01-16 to 07-15-16 07-16-16 to 07-28-16 07-29-16 to 12-31-19
Mayor	Shawna M. Girgis	01-01-16 to 12-31-19
President of the Board of Public Works and Safety	Shawna M. Girgis	01-01-16 to 12-31-18
President Pro Tempore of the Common Council	Byron L. Buker	01-01-16 to 12-31-18
Utilities Director	Misty Adams	01-01-16 to 12-31-18



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, 2016, 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, 2016.

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, 2016, 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 November 8, 2018, 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 solely 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 effectiveness of the City's 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

November 8, 2018



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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, 2016, and the related notes to the financial statement, and have issued our report thereon dated November 8, 2018, 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 certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001, 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 2016-001.

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

November 8, 2018

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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, 2016

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
GENERAL FUND	\$ 3,752,305	\$ 8,782,544	\$ 8,852,228	\$ 3,682,621
MVH-MOTOR VEHICLE HIGHWAY	815,638	1,697,047	1,497,789	1,014,896
LRS- LOCAL ROADS AND STREET	39,131	75,005	67,434	46,702
PARK NONREVERTING	87,829	32,013	28,186	91,656
CRIME CONTROL FUND	5,000	-	-	5,000
LOCAL LAW ENFORCEMENT CONTINUING EDUCATION	16,306	21,362	21,357	16,311
ELECTRONIC MAP GENERATION	1,023	16	-	1,039
PARK AND RECREATION	543,908	1,695,102	1,557,850	681,160
RAINY DAY	57,721	-	-	57,721
K-9/DONATIONS	-	5,515	5,500	15
LEVY EXCESS	168	-	-	168
CUMULATIVE CAPITAL IMPROVEMENT - CIGARETTE TAX	39,816	230,143	-	269,959
CUMULATIVE CAPITAL DEVELOPMENT	281,281	144,358	4,030	421,609
NONREVERTING GOLF CARTS	49,212	69,473	69,232	49,453
ANTHEM GROUP INSURANCE	3,571,922	2,934,982	2,604,896	3,902,008
POLICE PENSION	450,204	499,564	495,743	454,025
FIRE PENSION	421,335	605,629	582,611	444,353
LOCAL OPTION INCOME TAX	735,286	782,106	715,069	802,323
BIKE AND PEDESTRIAN TRAILS GRANT FUND	-	29,220	29,220	-
STELLAR/COURTHOUSE RENOVATION FUND	124,754	61,043	185,797	-
STELLAR/DOWNTOWN FACADES	-	19,600	19,600	-
INDIANA HISTORIC PATHWAY GRANT	800	-	-	800
LOIT SPECIAL DISTRIBUTION	-	587,870	10,825	577,045
OTIS MERCHANDISE SALES	2,157	29,763	31,845	75
PARK NONREVERTING SHELTER DEPOSITS	2,795	33,620	33,280	3,135
OTIS TRUST FUND	7,401	904	-	8,305
NONREVERTING OTIS PARK	136,307	74,419	56,110	154,616
NONREVERTING JOHN LOWERY POOL	20,758	23,841	16,325	28,274
DARE FUND	10,157	6,968	7,222	9,903
LAWRENCE COUNTY LOCAL COORDINATING COUNCIL-DRUG FREE FUND	453	10,500	9,200	1,753
FIRE PREVENTION FUND	6,205	2,125	3,029	5,301
HOUSING REHAB HD-000-009	2,783	14	-	2,797
MICRO LOAN PROGRAM 89-001M G	10,634	830	-	11,464
3286ALARMS	10,209	1,700	-	11,909
FIREARMS FUND	1,200	-	-	1,200
PETTY CASH AND CHANGE FUNDS	1,815	-	-	1,815
TIF REDEVELOPMENT DISTRICT GENERAL FUND	1,611,524	1,474,276	779,399	2,306,401
TIF BOND PRINCIPAL AND INTEREST	206,612	57,215	261,577	2,250
BEDFORD REDEVELOPMENT COMMISSION	161,201	50,131	-	211,332
STELLAR COMMUNITY DONATION FUND	416,615	10,000	426,615	-
STELLAR/DEPOT PROJECT FUND	84,157	109,029	218,332	(25,146)
STELLAR/TRAIL PROJECT FUND	325,651	378,136	179,932	523,855
STELLAR/STREET PHASE I FUND	277,539	197,012	70,272	404,279
STELLAR/STREET PHASE II FUND	277,539	197,012	60,654	413,897
STELLAR/GATEWAYS PROJECT FUND	50,000	-	-	50,000
STELLAR/MURALS PROJECT FUND	9,000	-	-	9,000
STELLAR/PAVILION PARK/ALLEY FUND	249,516	-	159,234	90,282
STELLAR/STONEGATE FUND	-	542,948	155,614	387,334
NONREVERTING TRANSIT CAPITAL IMPROVEMENT FUND	130,187	228,161	60,995	297,353
WATER BAN INTEREST FUND	10,954	131,450	131,450	10,954
SEWER BAN INTEREST FUND	-	137,400	137,400	-

CITY OF BEDFORD
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2016

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
TASC BUS FARES	889	11,243	10,798	1,334
PAYROLL	-	792,012	792,012	-
PAYROLL/FEDERAL WITHHOLDING	-	854,183	854,183	-
PAYROLL/FICA	-	491,413	491,413	-
PAYROLL/MEDICARE	-	193,986	193,986	-
PAYROLL/STATE WITHHOLDING	19,802	263,004	262,822	19,984
PAYROLL/COUNTY WITHHOLDING	8,618	116,528	116,442	8,704
PAYROLL/PERF	-	118,675	118,675	-
PAYROLL/1977 POLICE PENSION	-	82,687	82,687	-
PAYROLL/1977 FIRE PENSION	-	96,081	96,081	-
AMERICAN FIDELITY/HEALTH FSA PRE-TAX	-	46,318	46,318	-
AMERICAN FIDELITY ASSURANCE/PRE-TAX	-	16,929	16,929	-
AMERICAN FIDELITY ASSURANCE/POST-TAX	-	34,619	34,619	-
PAYROLL/TEXAS LIFE	-	5,759	5,759	-
PAYROLL/VISION	1,650	19,650	19,795	1,505
PAYROLL/DENTAL	466	5,176	5,493	149
PAYROLL/BLUE CROSS	45,094	576,823	580,554	41,363
PAYROLL/FIREFIGHTERS DUES	-	6,520	6,520	-
PAYROLL/BONDS	-	4,889	4,889	-
PAYROLL/AMERICAN HERITAGE	-	1,178	1,178	-
PAYROLL/AFLAC (POST TAX)	-	767	767	-
PAYROLL/GARNISHMENTS	-	54,783	54,783	-
PAYROLL/DEFERRED COMPENSATION	-	103,644	103,644	-
PAYROLL/BOYS AND GIRLS CLUB	-	2,472	2,472	-
PAYROLL/LIBERTY PRE-TAX	-	4,003	4,003	-
PAYROLL/AFLAC 125	-	14,911	14,911	-
PAYROLL/DD-DIRECT DEPOSIT	-	5,006,579	5,006,579	-
PAYROLL/LIBERTY POST-TAX	-	13,726	13,726	-
PAYROLL/AFLAC CRITICAL ILLNESS	-	1,363	1,363	-
WATER OPERATING	948,170	3,486,875	3,338,283	1,096,762
WATER DEPRECIATION	434,558	405,418	305,168	534,808
WATER BOND AND INTEREST	629,550	410,054	404,227	635,377
WATER TOWER FUND	193,954	72,000	40,452	225,502
WATER INSURANCE FUND	15,350	49,800	42,853	22,297
WATER IN LIEU OF TAXES FUND	-	177,885	177,885	-
WATER BAN - CONSTRUCTION FUND	3,451,732	6,606	1,498,570	1,959,768
TRASH COLLECTION SERVICE	34,547	871,581	873,016	33,112
TRASH DEPRECIATION	134,000	72,000	-	206,000
SEWER OPERATING	341,396	2,602,908	2,654,164	290,140
SEWER DEPRECIATION	724,182	296,400	-	1,020,582
SEWER BOND AND INTEREST	435,631	384,000	381,180	438,451
SEWER INSURANCE FUND	13,028	40,800	35,106	18,722
SEWER BIO SOLIDS FUND	64,249	80,000	87,450	56,799
SEWER IN LIEU OF TAXES	-	136,447	136,447	-
SEWER BAN - CONSTRUCTION FUND	4,923,307	12,089	508,226	4,427,170
STORM WATER FUND	1,289,555	758,437	299,059	1,748,933
Totals	<u>\$ 28,726,736</u>	<u>\$ 40,773,267</u>	<u>\$ 39,271,339</u>	<u>\$ 30,228,664</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.

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,

CITY OF BEDFORD
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

CITY OF BEDFORD
NOTES TO FINANCIAL STATEMENT
(Continued)

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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the City were not received by December 31, 2016.

Note 8. Subsequent Events

The City secured funding in August of 2017 through USDA for the purpose of a new StoneGate Arts & Education building. The old J.C. Penney building will be torn down and the new building will be erected on site. The project will be completed by November of 2018. The City of Bedford Redevelopment Corporation (RDC) has given consideration to the financing of all or a portion of the design and construction of the new building. For the purpose of financing the project, the RDC has entered into an agreement with the City of Bedford Redevelopment Authority (Authority) as "lessor" for the project. The Authority will authorize one or more series of bonds to be issued, which will provide funds for the payment costs of a portion of the new building. The Authority will enter into a lease agreement with the RDC. Bids were received in July of 2017 for the construction of the new StoneGate building. The lowest bid received for the construction of the new building was from Patterson Horth in the amount of \$4,407,000. Funding for the total project will primarily consist of CDBG funds for \$1,500,000 and the USDA loan of \$3,550,000 (for a 20-year term with payments beginning in 2019).

CITY OF BEDFORD
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. *Other Postemployment Benefit*

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.

OTHER INFORMATION - UNAUDITED

The City's Annual Financial Report information can be found on the Indiana Gateway for Government Units 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, 2016

	GENERAL FUND	MVH-MOTOR VEHICLE HIGHWAY	LRS- LOCAL ROADS AND STREET	PARK NONREVERTING	CRIME CONTROL FUND	LOCAL LAW ENFORCEMENT CONTINUING EDUCATION
Cash and investments - beginning	\$ 3,752,305	\$ 815,638	\$ 39,131	\$ 87,829	\$ 5,000	\$ 16,306
Receipts:						
Taxes	4,740,672	951,419	-	-	-	-
Licenses and permits	228,397	-	-	-	-	12,460
Intergovernmental receipts	3,544,517	727,180	75,005	-	-	-
Charges for services	118,946	6,521	-	31,948	-	2,814
Fines and forfeits	38,420	-	-	-	-	1,088
Utility fees	-	-	-	-	-	-
Other receipts	111,592	11,927	-	65	-	5,000
Total receipts	8,782,544	1,697,047	75,005	32,013	-	21,362
Disbursements:						
Personal services	6,158,593	921,999	-	15,623	-	-
Supplies	357,509	213,363	-	9,946	-	1,998
Other services and charges	1,657,103	119,802	-	1,000	-	18,499
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	627,992	242,625	67,434	-	-	860
Utility operating expenses	-	-	-	-	-	-
Other disbursements	51,031	-	-	1,617	-	-
Total disbursements	8,852,228	1,497,789	67,434	28,186	-	21,357
Excess (deficiency) of receipts over disbursements	(69,684)	199,258	7,571	3,827	-	5
Cash and investments - ending	\$ 3,682,621	\$ 1,014,896	\$ 46,702	\$ 91,656	\$ 5,000	\$ 16,311

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	ELECTRONIC MAP GENERATION	PARK AND RECREATION	RAINY DAY	K-9/DONATIONS	LEVY EXCESS
Cash and investments - beginning	\$ 1,023	\$ 543,908	\$ 57,721	\$ -	\$ 168
Receipts:					
Taxes	-	1,211,115	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	91,263	-	-	-
Charges for services	16	390,936	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	-	1,788	-	5,515	-
Total receipts	<u>16</u>	<u>1,695,102</u>	<u>-</u>	<u>5,515</u>	<u>-</u>
Disbursements:					
Personal services	-	1,061,250	-	-	-
Supplies	-	210,894	-	5,500	-
Other services and charges	-	204,638	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	64,587	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	16,481	-	-	-
Total disbursements	<u>-</u>	<u>1,557,850</u>	<u>-</u>	<u>5,500</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>16</u>	<u>137,252</u>	<u>-</u>	<u>15</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,039</u>	<u>\$ 681,160</u>	<u>\$ 57,721</u>	<u>\$ 15</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, 2016

	CUMULATIVE CAPITAL IMPROVEMENT - CIGARETTE TAX	CUMULATIVE CAPITAL DEVELOPMENT	NONREVERTING GOLF CARTS	ANTHEM GROUP INSURANCE	POLICE PENSION
Cash and investments - beginning	\$ 39,816	\$ 281,281	\$ 49,212	\$ 3,571,922	\$ 450,204
Receipts:					
Taxes	-	133,455	-	-	26,851
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	230,143	10,056	-	-	472,713
Charges for services	-	-	57,243	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	-	847	12,230	2,934,982	-
Total receipts	<u>230,143</u>	<u>144,358</u>	<u>69,473</u>	<u>2,934,982</u>	<u>499,564</u>
Disbursements:					
Personal services	-	-	-	2,503,892	495,716
Supplies	-	-	-	-	27
Other services and charges	-	-	-	101,004	-
Debt service - principal and interest	-	-	65,141	-	-
Capital outlay	-	4,030	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	4,091	-	-
Total disbursements	<u>-</u>	<u>4,030</u>	<u>69,232</u>	<u>2,604,896</u>	<u>495,743</u>
Excess (deficiency) of receipts over disbursements	<u>230,143</u>	<u>140,328</u>	<u>241</u>	<u>330,086</u>	<u>3,821</u>
Cash and investments - ending	<u>\$ 269,959</u>	<u>\$ 421,609</u>	<u>\$ 49,453</u>	<u>\$ 3,902,008</u>	<u>\$ 454,025</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	FIRE PENSION	LOCAL OPTION INCOME TAX	BIKE AND PEDESTRIAN TRAILS GRANT FUND	STELLAR/ COURTHOUSE RENOVATION FUND	STELLAR/ DOWNTOWN FACADES	INDIANA HISTORIC PATHWAY GRANT
Cash and investments - beginning	\$ 421,335	\$ 735,286	\$ -	\$ 124,754	\$ -	\$ 800
Receipts:						
Taxes	32,462	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	573,167	782,106	29,220	-	19,600	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	61,043	-	-
Total receipts	<u>605,629</u>	<u>782,106</u>	<u>29,220</u>	<u>61,043</u>	<u>19,600</u>	<u>-</u>
Disbursements:						
Personal services	582,611	715,069	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	29,220	-	19,600	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	185,797	-	-
Total disbursements	<u>582,611</u>	<u>715,069</u>	<u>29,220</u>	<u>185,797</u>	<u>19,600</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>23,018</u>	<u>67,037</u>	<u>-</u>	<u>(124,754)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 444,353</u>	<u>\$ 802,323</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 800</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	LOIT SPECIAL DISTRIBUTION	OTIS MERCHANDISE SALES	PARK NONREVERTING SHELTER DEPOSITS	OTIS TRUST FUND	NONREVERTING OTIS PARK
Cash and investments - beginning	\$ -	\$ 2,157	\$ 2,795	\$ 7,401	\$ 136,307
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	587,870	-	-	-	-
Charges for services	-	29,763	33,620	-	71,704
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	-	-	-	904	2,715
Total receipts	<u>587,870</u>	<u>29,763</u>	<u>33,620</u>	<u>904</u>	<u>74,419</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	10,825	31,845	33,280	-	-
Debt service - principal and interest	-	-	-	-	53,311
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	2,799
Total disbursements	<u>10,825</u>	<u>31,845</u>	<u>33,280</u>	<u>-</u>	<u>56,110</u>
Excess (deficiency) of receipts over disbursements	<u>577,045</u>	<u>(2,082)</u>	<u>340</u>	<u>904</u>	<u>18,309</u>
Cash and investments - ending	<u>\$ 577,045</u>	<u>\$ 75</u>	<u>\$ 3,135</u>	<u>\$ 8,305</u>	<u>\$ 154,616</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	NONREVERTING JOHN LOWERY POOL	DARE FUND	LAWRENCE COUNTY LOCAL COORDINATING COUNCIL- DRUG FREE FUND	FIRE PREVENTION FUND	HOUSING REHAB HD-000-009
Cash and investments - beginning	\$ 20,758	\$ 10,157	\$ 453	\$ 6,205	\$ 2,783
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	21,146	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	2,695	6,968	10,500	2,125	14
Total receipts	23,841	6,968	10,500	2,125	14
Disbursements:					
Personal services	10,669	-	-	-	-
Supplies	1,786	4,959	3,000	3,029	-
Other services and charges	3,500	2,263	6,200	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	370	-	-	-	-
Total disbursements	16,325	7,222	9,200	3,029	-
Excess (deficiency) of receipts over disbursements	7,516	(254)	1,300	(904)	14
Cash and investments - ending	\$ 28,274	\$ 9,903	\$ 1,753	\$ 5,301	\$ 2,797

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	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	\$ 10,634	\$ 10,209	\$ 1,200	\$ 1,815	\$ 1,611,524	\$ 206,612
Receipts:						
Taxes	-	-	-	-	1,258,717	57,215
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	207,770	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	1,700	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	830	-	-	-	7,789	-
Total receipts	830	1,700	-	-	1,474,276	57,215
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	272,546	750
Debt service - principal and interest	-	-	-	-	-	260,827
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	506,853	-
Total disbursements	-	-	-	-	779,399	261,577
Excess (deficiency) of receipts over disbursements	830	1,700	-	-	694,877	(204,362)
Cash and investments - ending	\$ 11,464	\$ 11,909	\$ 1,200	\$ 1,815	\$ 2,306,401	\$ 2,250

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	BEDFORD REDEVELOPMENT COMMISSION	STELLAR COMMUNITY DONATION FUND	STELLAR/DEPOT PROJECT FUND	STELLAR/TRAIL PROJECT FUND	STELLAR/STREET PHASE I FUND
Cash and investments - beginning	\$ 161,201	\$ 416,615	\$ 84,157	\$ 325,651	\$ 277,539
Receipts:					
Taxes	49,323	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	101,669	162,566	50,995
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	808	10,000	7,360	215,570	146,017
Total receipts	50,131	10,000	109,029	378,136	197,012
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	71,428	179,932	70,272
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	146,904	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	426,615	-	-	-
Total disbursements	-	426,615	218,332	179,932	70,272
Excess (deficiency) of receipts over disbursements	50,131	(416,615)	(109,303)	198,204	126,740
Cash and investments - ending	\$ 211,332	\$ -	\$ (25,146)	\$ 523,855	\$ 404,279

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	STELLAR/STREET PHASE II FUND	STELLAR/ GATEWAYS PROJECT FUND	STELLAR/ MURALS PROJECT FUND	STELLAR/ PAVILION PARK/ALLEY FUND	STELLAR/ STONEGATE FUND
Cash and investments - beginning	\$ 277,539	\$ 50,000	\$ 9,000	\$ 249,516	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	50,995	-	-	-	542,948
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	146,017	-	-	-	-
Total receipts	197,012	-	-	-	542,948
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	60,654	-	-	-	148,164
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	159,234	7,450
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	60,654	-	-	159,234	155,614
Excess (deficiency) of receipts over disbursements	136,358	-	-	(159,234)	387,334
Cash and investments - ending	\$ 413,897	\$ 50,000	\$ 9,000	\$ 90,282	\$ 387,334

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	NONREVERTING TRANSIT CAPITAL IMPROVEMENT FUND	WATER BAN INTEREST FUND	SEWER BAN INTEREST FUND	TASC BUS FARES	PAYROLL
Cash and investments - beginning	\$ 130,187	\$ 10,954	\$ -	\$ 889	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	217,361	-	-	-	-
Charges for services	-	-	-	11,243	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	10,800	131,450	137,400	-	792,012
Total receipts	228,161	131,450	137,400	11,243	792,012
Disbursements:					
Personal services	-	-	-	-	792,012
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	131,450	137,400	-	-
Capital outlay	60,995	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	10,798	-
Total disbursements	60,995	131,450	137,400	10,798	792,012
Excess (deficiency) of receipts over disbursements	167,166	-	-	445	-
Cash and investments - ending	\$ 297,353	\$ 10,954	\$ -	\$ 1,334	\$ -

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	PAYROLL/FEDERAL WITHHOLDING	PAYROLL/FICA	PAYROLL/MEDICARE	PAYROLL/STATE WITHHOLDING
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 19,802
Receipts:				
Taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental receipts	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Utility fees	-	-	-	-
Other receipts	854,183	491,413	193,986	263,004
Total receipts	<u>854,183</u>	<u>491,413</u>	<u>193,986</u>	<u>263,004</u>
Disbursements:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	-	-	-	-
Debt service - principal and interest	-	-	-	-
Capital outlay	-	-	-	-
Utility operating expenses	-	-	-	-
Other disbursements	854,183	491,413	193,986	262,822
Total disbursements	<u>854,183</u>	<u>491,413</u>	<u>193,986</u>	<u>262,822</u>
Excess (deficiency) of receipts over disbursements	-	-	-	182
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,984</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	PAYROLL/COUNTY WITHHOLDING	PAYROLL/PERF	PAYROLL/1977 POLICE PENSION	PAYROLL/1977 FIRE PENSION	AMERICAN FIDELITY/HEALTH FSA PRE-TAX
Cash and investments - beginning	\$ 8,618	\$ -	\$ -	\$ -	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	116,528	118,675	82,687	96,081	46,318
Total receipts	<u>116,528</u>	<u>118,675</u>	<u>82,687</u>	<u>96,081</u>	<u>46,318</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	116,442	118,675	82,687	96,081	46,318
Total disbursements	<u>116,442</u>	<u>118,675</u>	<u>82,687</u>	<u>96,081</u>	<u>46,318</u>
Excess (deficiency) of receipts over disbursements	<u>86</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 8,704</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, 2016

	AMERICAN FIDELITY ASSURANCE/PRE-TAX	AMERICAN FIDELITY ASSURANCE/POST-TAX	PAYROLL/TEXAS LIFE	PAYROLL/VISION
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 1,650
Receipts:				
Taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental receipts	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Utility fees	-	-	-	-
Other receipts	16,929	34,619	5,759	19,650
Total receipts	<u>16,929</u>	<u>34,619</u>	<u>5,759</u>	<u>19,650</u>
Disbursements:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	-	-	-	-
Debt service - principal and interest	-	-	-	-
Capital outlay	-	-	-	-
Utility operating expenses	-	-	-	-
Other disbursements	16,929	34,619	5,759	19,795
Total disbursements	<u>16,929</u>	<u>34,619</u>	<u>5,759</u>	<u>19,795</u>
Excess (deficiency) of receipts over disbursements	-	-	-	(145)
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,505</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	PAYROLL/DENTAL	PAYROLL/BLUE CROSS	PAYROLL/FIREFIGHTERS DUES	PAYROLL/BONDS
Cash and investments - beginning	\$ 466	\$ 45,094	\$ -	\$ -
Receipts:				
Taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental receipts	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Utility fees	-	-	-	-
Other receipts	5,176	576,823	6,520	4,889
Total receipts	<u>5,176</u>	<u>576,823</u>	<u>6,520</u>	<u>4,889</u>
Disbursements:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	-	-	-	-
Debt service - principal and interest	-	-	-	-
Capital outlay	-	-	-	-
Utility operating expenses	-	-	-	-
Other disbursements	5,493	580,554	6,520	4,889
Total disbursements	<u>5,493</u>	<u>580,554</u>	<u>6,520</u>	<u>4,889</u>
Excess (deficiency) of receipts over disbursements	<u>(317)</u>	<u>(3,731)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 149</u>	<u>\$ 41,363</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, 2016

	PAYROLL/AMERICAN HERITAGE	PAYROLL/AFLAC (POST TAX)	PAYROLL/ GARNISHMENTS	PAYROLL/ DEFERRED COMPENSATION
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -
Receipts:				
Taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental receipts	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Utility fees	-	-	-	-
Other receipts	1,178	767	54,783	103,644
Total receipts	<u>1,178</u>	<u>767</u>	<u>54,783</u>	<u>103,644</u>
Disbursements:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	-	-	-	-
Debt service - principal and interest	-	-	-	-
Capital outlay	-	-	-	-
Utility operating expenses	-	-	-	-
Other disbursements	1,178	767	54,783	103,644
Total disbursements	<u>1,178</u>	<u>767</u>	<u>54,783</u>	<u>103,644</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-
Cash and investments - ending	<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, 2016

	PAYROLL/BOYS AND GIRLS CLUB	PAYROLL/LIBERTY PRE-TAX	PAYROLL/AFLAC 125	PAYROLL/DD-DIRECT DEPOSIT
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -
Receipts:				
Taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental receipts	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Utility fees	-	-	-	-
Other receipts	2,472	4,003	14,911	5,006,579
Total receipts	<u>2,472</u>	<u>4,003</u>	<u>14,911</u>	<u>5,006,579</u>
Disbursements:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	-	-	-	-
Debt service - principal and interest	-	-	-	-
Capital outlay	-	-	-	-
Utility operating expenses	-	-	-	-
Other disbursements	2,472	4,003	14,911	5,006,579
Total disbursements	<u>2,472</u>	<u>4,003</u>	<u>14,911</u>	<u>5,006,579</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-
Cash and investments - ending	<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, 2016

	<u>PAYROLL/LIBERTY POST-TAX</u>	<u>PAYROLL/AFLAC CRITICAL ILLNESS</u>	<u>WATER OPERATING</u>	<u>WATER DEPRECIATION</u>	<u>WATER BOND AND INTEREST</u>
Cash and investments - beginning	\$ -	\$ -	\$ 948,170	\$ 434,558	\$ 629,550
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	3,463,440	-	-
Other receipts	13,726	1,363	23,435	405,418	410,054
Total receipts	<u>13,726</u>	<u>1,363</u>	<u>3,486,875</u>	<u>405,418</u>	<u>410,054</u>
Disbursements:					
Personal services	-	-	639,918	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	305,168	404,227
Capital outlay	-	-	20,722	-	-
Utility operating expenses	-	-	1,220,855	-	-
Other disbursements	13,726	1,363	1,456,788	-	-
Total disbursements	<u>13,726</u>	<u>1,363</u>	<u>3,338,283</u>	<u>305,168</u>	<u>404,227</u>
Excess (deficiency) of receipts over disbursements	-	-	148,592	100,250	5,827
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,096,762</u>	<u>\$ 534,808</u>	<u>\$ 635,377</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	WATER TOWER FUND	WATER INSURANCE FUND	WATER IN LIEU OF TAXES FUND	WATER BAN - CONSTRUCTION FUND	TRASH COLLECTION SERVICE
Cash and investments - beginning	\$ 193,954	\$ 15,350	\$ -	\$ 3,451,732	\$ 34,547
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	863,470
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	72,000	49,800	177,885	6,606	8,111
Total receipts	<u>72,000</u>	<u>49,800</u>	<u>177,885</u>	<u>6,606</u>	<u>871,581</u>
Disbursements:					
Personal services	-	-	-	-	593,334
Supplies	-	-	-	-	77,712
Other services and charges	-	42,853	-	-	75,893
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	45,417
Utility operating expenses	-	-	-	1,381,576	-
Other disbursements	40,452	-	177,885	116,994	80,660
Total disbursements	<u>40,452</u>	<u>42,853</u>	<u>177,885</u>	<u>1,498,570</u>	<u>873,016</u>
Excess (deficiency) of receipts over disbursements	<u>31,548</u>	<u>6,947</u>	<u>-</u>	<u>(1,491,964)</u>	<u>(1,435)</u>
Cash and investments - ending	<u>\$ 225,502</u>	<u>\$ 22,297</u>	<u>\$ -</u>	<u>\$ 1,959,768</u>	<u>\$ 33,112</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	TRASH DEPRECIATION	SEWER OPERATING	SEWER DEPRECIATION	SEWER BOND AND INTEREST	SEWER INSURANCE FUND
Cash and investments - beginning	\$ 134,000	\$ 341,396	\$ 724,182	\$ 435,631	\$ 13,028
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	2,580,948	-	-	-
Other receipts	72,000	21,960	296,400	384,000	40,800
Total receipts	<u>72,000</u>	<u>2,602,908</u>	<u>296,400</u>	<u>384,000</u>	<u>40,800</u>
Disbursements:					
Personal services	-	627,337	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	35,106
Debt service - principal and interest	-	-	-	381,180	-
Capital outlay	-	220,621	-	-	-
Utility operating expenses	-	730,850	-	-	-
Other disbursements	-	1,075,356	-	-	-
Total disbursements	<u>-</u>	<u>2,654,164</u>	<u>-</u>	<u>381,180</u>	<u>35,106</u>
Excess (deficiency) of receipts over disbursements	<u>72,000</u>	<u>(51,256)</u>	<u>296,400</u>	<u>2,820</u>	<u>5,694</u>
Cash and investments - ending	<u>\$ 206,000</u>	<u>\$ 290,140</u>	<u>\$ 1,020,582</u>	<u>\$ 438,451</u>	<u>\$ 18,722</u>

CITY OF BEDFORD
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	SEWER BIO SOLIDS FUND	SEWER IN LIEU OF TAXES	SEWER BAN - CONSTRUCTION FUND	STORM WATER FUND	Totals
Cash and investments - beginning	\$ 64,249	\$ -	\$ 4,923,307	\$ 1,289,555	\$ 28,726,736
Receipts:					
Taxes	-	-	-	-	8,461,229
Licenses and permits	-	-	-	-	240,857
Intergovernmental receipts	-	-	-	-	8,477,144
Charges for services	-	-	-	-	1,639,370
Fines and forfeits	-	-	-	-	41,208
Utility fees	-	-	-	757,912	6,802,300
Other receipts	80,000	136,447	12,089	525	15,111,159
Total receipts	80,000	136,447	12,089	758,437	40,773,267
Disbursements:					
Personal services	-	-	-	52,627	15,170,650
Supplies	-	-	-	-	889,723
Other services and charges	-	-	-	-	3,196,377
Debt service - principal and interest	-	-	-	-	1,738,704
Capital outlay	87,450	-	-	42,129	1,798,450
Utility operating expenses	-	-	508,226	196,108	4,037,615
Other disbursements	-	136,447	-	8,195	12,439,820
Total disbursements	87,450	136,447	508,226	299,059	39,271,339
Excess (deficiency) of receipts over disbursements	(7,450)	-	(496,137)	459,378	1,501,928
Cash and investments - ending	\$ 56,799	\$ -	\$ 4,427,170	\$ 1,748,933	\$ 30,228,664

CITY OF BEDFORD
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Storm Water	\$ -	\$ 84,420
Trash	-	84,130
Wastewater	-	277,696
Water	-	235,916
Governmental activities	<u>-</u>	<u>-</u>
Totals	<u>\$ -</u>	<u>\$ 682,162</u>

CITY OF BEDFORD
SCHEDULE OF LEASES AND DEBT
December 31, 2016

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)	\$ 49,092	5/15/2016	10/15/2020
GE Capital Finance	Lease/Purchase Mowing Equipment	53,316	2/1/2013	1/1/2018
Great America Leasing	Copier Lease	<u>9,367</u>	11/21/2016	11/21/2020
Total governmental activities		<u>111,775</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>\$ 416,943</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
Revenue bonds	Plaza Drive North Project		\$ 1,450,000	\$ 256,458
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)		970,000	337,553
Revenue bonds	Improvements to Sewer Treatment Plant (CS182136 02)		<u>110,000</u>	<u>38,698</u>
Total Wastewater			<u>7,080,000</u>	<u>513,651</u>
Water:				
Revenue bonds	Improvements to Water Treatment Plant & Water Mains (Ord 8-2014)		1,520,000	409,080
Revenue bonds	Improvements to Water Treatment Plant (DW199101 01)		<u>5,500,000</u>	<u>131,450</u>
Total Water			<u>7,020,000</u>	<u>540,530</u>
Totals			<u>\$ 15,550,000</u>	<u>\$ 1,310,639</u>

CITY OF BEDFORD
SCHEDULE OF CAPITAL ASSETS
December 31, 2016

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	4,590,117
Improvements other than buildings	26,407,888
Machinery, equipment, and vehicles	<u>8,520,487</u>
Total governmental activities	<u>41,982,147</u>
Storm Water:	
Land	215,269
Infrastructure	1,196,942
Machinery, equipment, and vehicles	<u>115,821</u>
Total Storm Water	<u>1,528,032</u>
Trash:	
Machinery, equipment, and vehicles	<u>972,348</u>
Wastewater:	
Land	42,500
Infrastructure	2,252,337
Buildings	1,606,941
Improvements other than buildings	5,078,499
Machinery, equipment, and vehicles	<u>2,224,066</u>
Total Wastewater	<u>11,204,343</u>
Water:	
Land	42,500
Infrastructure	2,489,179
Buildings	3,238,114
Improvements other than buildings	7,310,082
Machinery, equipment, and vehicles	<u>4,201,227</u>
Total Water	<u>17,281,102</u>
Total capital assets	<u>\$ 72,967,972</u>

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, 2016. 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, 2016.

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

November 8, 2018

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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, 2016

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	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii Stellar Downtown Facades	Indiana Office of Community and Rural Affairs	14.228	A192-15-ST-12-101	\$ -	\$ 19,600
Total - Department of Housing and Urban Development				-	19,600
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction Plaza Drive South Phase II Stellar Communities/Milwaukee Depot Project (Relocation and Rehabilitation) Stellar Street/PH II Fund Stellar Street/PH I Fund Stellar Communities/Limestone Trail Project	Indiana Department of Transportation	20.205	A249-09-320933 A249-14-320979 A249-14-320980 A249-14-320981 A249-14-320982	- - - - -	207,770 101,669 50,995 50,995 162,566
Total - Highway Planning and Construction Cluster				-	573,995
Federal Transit Cluster Bus and Bus Facilities Formula Program	Indiana Department of Transportation	20.526	860001	-	43,200
Total - Federal Transit Cluster				-	43,200
Formula Grants for Rural Areas	Indiana Department of Transportation	20.509	IN-18-X034	-	247,544
Total - Department of Transportation				-	864,739
<u>Department of Health and Human Services</u>					
Assistance Programs for Chronic Disease Prevention and Control Bike and Pedestrian Trail Project	Indiana Department of Health	93.945	U58DP004806	-	19,220
Total - Department of Health and Human Services				-	19,220
Total federal awards expended				\$ -	\$ 903,559

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, 2016. 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 2016-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat of Finding 2015-001 from the immediately prior audit.

Condition

The City had not established effective internal controls to prevent, or detect and correct, errors in the grant information entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the Schedule of Expenditures of Federal Awards (SEFA).

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

Context

The SEFA contained the following errors:

1. The Formula Grants for Rural Areas expenditures were understated by \$107,175.
2. The Bus and Bus Facilities Formula Program expenditures were understated by \$43,200.
3. The Assistance Programs for Chronic Disease Prevention and Control expenditures were overstated by \$780.
4. Some program names were incorrect.

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:

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

- (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.
- (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

The failure to establish effective internal controls enabled material misstatements to go undetected. The SEFA contained the errors identified in the *Context*.

Recommendation

We recommended that the City's management establish controls to prevent, or detect and correct, errors on the SEFA.

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 2015-001

Fiscal year in which the finding initially occurred: **2015**
Contact Person Responsible for Corrective Action: **Marsha Pfeiffer**
Contact Phone Number: **(812) 275-1606**

Status of Audit Finding:

When Grant Schedule was completed for 2016 Annual Report the Schedule was reviewed by Planning Commissioner and Community Development Director for accuracy. It is determined that additional internal controls are needed to insure the accuracy of the financial reporting. The objective is to ensure that all transactions on SEFA are approved by responsible personnel before the transactions are recorded on the schedule. Implementation is ongoing.

Marsha Pfeiffer
(Signature)
Clerk-Treasurer
(Title)
9/25/18
(Date)



Marsha Pfeiffer
BEDFORD CLERK-TREASURER
LAWRENCE COUNTY, INDIANA

CORRECTIVE ACTION PLAN

FINDING 2016-001

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.

Description of Corrective Action Plan:

Additional Internal Controls will be developed to ensure the proper preparation of the SEFA. All individuals that possess the proper knowledge, experience and authority should be assigned the oversight of the review of the SEFA to determine that it is accurate and complete. The Clerk-Treasurer along with the 1st Deputy Clerk-Treasurer will be responsible for obtaining and inputting the information to the SEFA. All Federal Funds received will be verified by the Receipts/Expenditures Ledger and further verified by spreadsheets for each Federal Grant. The Clerk-Treasurer along with input from 1st Deputy Clerk-Treasurer will create the Grant Spreadsheets. It will also be required for each responsible individual to create a spreadsheet for any and all Grant Funds associated with that Department. At the end of each month the Clerk-Treasurer office will email department heads in reference to any Federal funds that may have been received during that month. To further ensure all information is correct the Clerk-Treasurer office will verify the Grant information such as amounts, agency titles and CFDA numbers are correct by utilizing the cfda.gov website and any & all documents that have been provided during the year. Once SEFA is completed it will be reviewed and signed by all responsible individuals.

Anticipated Completion Date: 11-01-2018 (Ongoing)

Marsha Pfeiffer
(Signature)

Clerk - Treasurer
(Title)

10/17/18
(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/>.