

**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, 2018 to December 31, 2018



**FILED**  
07/11/2019



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report .....	3-5
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i> .....	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	10-11
Notes to Financial Statement .....	12-18
Other Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	20-36
Schedule of Payables and Receivables .....	37
Schedule of Leases and Debt .....	38
Schedule of Capital Assets .....	39
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance .....	42-43
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards .....	46
Notes to Schedule of Expenditures of Federal Awards .....	47
Schedule of Findings and Questioned Costs .....	48-49
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings .....	52
Corrective Action Plan .....	53
Other Reports .....	54

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Marsha Pfeiffer	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	01-01-18 to 12-31-19
President Pro Tempore of the Common Council	Byron L. Buker	01-01-18 to 12-31-19
Utilities Director	Misty Adams	01-01-18 to 12-31-19



## 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, 2018, 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, 2018.

***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, 2018, 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 June 4, 2019, 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

June 4, 2019



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Bedford (City), which comprises the financial position and results of operations for the year ended December 31, 2018, and the related notes to the financial statement, and have issued our report thereon dated June 4, 2019, 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 2018-001, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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

June 4, 2019

(This page intentionally left blank.)

## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF BEDFORD  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND  
INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2018

Fund	Cash and Investments		Cash and Investments	
	01-01-18	Receipts	Disbursements	12-31-18
GENERAL FUND	\$ 4,600,171	\$ 10,007,362	\$ 9,378,724	\$ 5,228,809
MVH-MOTOR VEHICLE HIGHWAY	1,171,108	1,801,831	1,772,330	1,200,609
LRS- LOCAL ROADS AND STREET	22,014	131,060	44,247	108,827
PARK NONREVERTING	155,746	45,040	102,032	98,754
CRIME CONTROL FUND	5,000	-	-	5,000
LOCAL LAW ENFORCEMENT CONTINUING EDUCATION	17,355	16,071	21,487	11,939
ELECTRONIC MAP GENERATION	1,049	21	-	1,070
PARK AND RECREATION	961,900	1,605,566	1,667,646	899,820
RAINY DAY	57,721	-	-	57,721
K-9 PROGRAM	4,198	1,000	2,508	2,690
LEVY EXCESS	168	-	-	168
CUMULATIVE CAPITAL IMPROVEMENT - CIGARETTE TAX	128,862	35,396	14,997	149,261
CUMULATIVE CAPITAL DEVELOPMENT	266,364	139,337	78,193	327,508
NONREVERTING GOLF CARTS	56,449	61,511	53,125	64,835
ANTHEM GROUP INSURANCE	3,928,093	2,635,309	2,839,266	3,724,136
POLICE PENSION	481,679	505,084	493,618	493,145
FIRE PENSION	502,443	566,896	568,261	501,078
LOCAL OPTION INCOME TAX	936,353	873,630	724,625	1,085,358
INDIANA HISTORIC PATHWAY GRANT	800	-	-	800
LOIT SPECIAL DISTRIBUTION	326,404	-	326,404	-
LOCAL ROAD AND BRIDGE MATCH GRANT	528,000	-	528,000	-
OTIS MERCHANDISE SALES	2,145	59,202	57,577	3,770
PARK NONREVERTING SHELTER DEPOSITS	4,777	35,073	34,042	5,808
OTIS TRUST FUND	11,718	1,285	-	13,003
NONREVERTING OTIS PARK	179,541	74,204	53,041	200,704
NONREVERTING JOHN LOWERY POOL	36,823	23,682	17,439	43,066
DARE FUND	11,846	7,186	3,772	15,260
LAWRENCE COUNTY LOCAL COORDINATING COUNCIL-DRUG FREE FUND	453	8,500	5,619	3,334
WHITE RIVER PORT AUTHORITY	-	9,149	3,249	5,900
HOUSING REHAB/OWNER OCCUPIED HD-017-006	-	26,000	26,000	-
FIRE PREVENTION FUND	7,471	600	427	7,644
HOUSING REHAB HD 000-009	2,825	49	-	2,874
MICRO LOAN PROGRAM 89-001M G	12,296	832	-	13,128
3286ALARMS	12,484	225	-	12,709
FIREARMS FUND	1,200	-	-	1,200
PETTY CASH AND CHANGE FUNDS	1,815	-	-	1,815
CELL (EDUCATIONAL GRANT)	1,899	-	1,399	500
TIF REDEVELOPMENT DISTRICT GENERAL FUND	4,021,961	2,494,135	427,790	6,088,306
TIF BOND PRINCIPAL AND INTEREST	1,501	257,838	257,838	1,501
BEDFORD REDEVELOPMENT COMMISSION	213,467	3,661	-	217,128
STELLAR/DEPOT PROJECT FUND	75,905	65,587	113,235	28,257
STELLAR/TRAIL PROJECT FUND	9,543	28,373	37,916	-
STELLAR/STREET PHASE I FUND	90,637	-	84,436	6,201
STELLAR/STREET PHASE II FUND	236,668	26,914	263,582	-
STELLAR/GATEWAYS PROJECT FUND	50,000	-	157	49,843
STELLAR/MURALS PROJECT FUND	9,000	-	-	9,000
STELLAR/PAVILLION PARK/ALLEY FUND	45,583	-	4,862	40,721
STELLAR/DOWNTOWN FACADES	-	341,894	1,056,459	(714,565)
STELLAR/STONEGATE FUND	82,051	4,531,724	4,458,620	155,155
REDEVELOPMENT AUTHORITY RDA	-	78,993	-	78,993
NONREVERTING TRANSIT CAPITAL IMPROVEMENT FUND	416,523	44,258	61,069	399,712
TASC BUS FARES	646	12,765	12,676	735
PAYROLL	-	716,961	716,961	-

CITY OF BEDFORD  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND  
INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2018

Fund	Cash and Investments		Cash and Investments	
	01-01-18	Receipts	Disbursements	12-31-18
PAYROLL/FEDERAL WITHHOLDING	-	770,317	770,317	-
PAYROLL/FICA	-	512,603	512,603	-
PAYROLL/MEDICARE	-	207,887	207,887	-
PAYROLL/STATE WITHHOLDING	19,621	268,844	267,944	20,521
PAYROLL/COUNTY WITHHOLDING	8,814	122,288	121,860	9,242
PAYROLL/PERF	-	124,149	124,149	-
PAYROLL/1977 POLICE PENSION	-	85,811	85,811	-
PAYROLL/1977 FIRE PENSION	-	102,524	102,524	-
AMERICAN FIDELITY/HEALTH FSA PRE-TAX	-	47,398	47,398	-
AMERICAN FIDELITY ASSURANCE/PRE-TAX	-	19,715	19,715	-
AMERICAN FIDELITY ASSURANCE/POST-TAX	-	49,240	49,193	47
PAYROLL/TEXAS LIFE	-	10,342	10,319	23
PAYROLL/VISION	(113)	21,138	19,294	1,731
PAYROLL/DENTAL	127	5,328	5,286	169
PAYROLL/BLUE CROSS	42,159	458,359	463,397	37,121
PAYROLL/FIREFIGHTERS DUES	-	1,751	1,751	-
PAYROLL/BONDS	-	11,214	11,214	-
PAYROLL/AMERICAN HERITAGE	-	518	518	-
PAYROLL/AFLAC (POST TAX)	-	578	578	-
PAYROLL/GARNISHMENTS	-	38,888	38,888	-
PAYROLL/DEFERRED COMPENSATION	-	114,610	114,610	-
PAYROLL/BOYS AND GIRLS CLUB	-	2,282	2,282	-
PAYROLL/LIBERTY PRE-TAX	-	2,324	2,324	-
PAYROLL/AFLAC 125	-	13,226	13,226	-
PAYROLL/DD-DIRECT DEPOSIT	-	5,413,728	5,413,728	-
PAYROLL/LIBERTY POST-TAX	-	11,513	11,513	-
PAYROLL/AFLAC CRITICAL ILLNESS	-	832	832	-
STORM WATER FUND	1,995,839	775,689	713,886	2,057,642
TRASH COLLECTION SERVICE	95,759	875,893	885,141	86,511
TRASH DEPRECIATION	78,613	78,000	-	156,613
SEWER OPERATING	196,509	9,465,268	9,150,793	510,984
SEWER DEPRECIATION	1,196,982	148,200	107,454	1,237,728
2018 SEWER BOND AND INTEREST	-	591,764	-	591,764
SEWER BAN INTEREST FUND	6,000	125,950	131,950	-
SEWER BOND AND INTEREST	441,131	299,454	740,585	-
SEWER INSURANCE FUND	20,068	40,800	37,339	23,529
SEWER BIO SOLIDS FUND	47,267	45,000	52,500	39,767
SEWER IN LIEU OF TAXES	-	136,447	136,447	-
SEWER BAN - CONSTRUCTION FUND	3,657,152	6,146,973	8,965,305	838,820
WATER OPERATING	1,106,934	10,018,468	10,233,435	891,967
WATER DEPRECIATION	635,306	527,000	999,834	162,472
2018 WATER BOND AND INTEREST	-	518,954	-	518,954
WATER BAN INTEREST FUND	10,954	120,496	131,450	-
WATER BOND AND INTEREST	641,640	531,301	1,172,941	-
WATER TOWER FUND	297,502	276,000	325,054	248,448
WATER INSURANCE FUND	23,352	49,800	47,243	25,909
WATER IN LIEU OF TAXES FUND	-	177,885	177,885	-
WATER BAN - CONSTRUCTION FUND	1,037,062	5,631,464	6,613,788	54,738
Totals	\$ 31,251,333	\$ 72,272,417	\$ 75,355,820	\$ 28,167,930

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.

CITY OF BEDFORD  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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 December 31 of the year preceding the budget year or January 15 of the budget year if the City is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. 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) Defined Benefit Plan is a cost-sharing multiple-employer defined benefit plan and provides retirement, disability, and survivor benefits to plan members. PERF is administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2, IC 5-10.3) and administrative code (35 IAC 1.2), which governs most requirements of the system and gives the City authority to contribute to the plan.

My Choice: Retirement Savings Plan for Public Employees (My Choice) is a multiple-employer defined contribution plan. It is administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2, IC 5-10.3) and administrative code (35 IAC 1.2), which governs most requirements of the system and gives the City authority to contribute to the plan.

New employees hired have a one-time election to join either the Public Employees' Hybrid Plan (PERF Hybrid) or the My Choice: Retirement Savings Plan for Public Employees (My Choice), which is a multiple-employer defined contribution plan. PERF Hybrid consists of two components: PERF DB, the employer-funded monthly defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account, the defined contribution component.

CITY OF BEDFORD  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Financial Report*

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. (844) 464-6777

*Contributions*

Members' contributions are set by state statute at 3 percent of compensation for both the defined contribution component of PERF Hybrid and My Choice. The employer may elect to make the contribution on behalf of the member of the defined contribution component of PERF Hybrid and My Choice members may receive additional employer contribution in lieu of the PERF DB. Contributions to the PERF DB are determined by INPRS Board based on actuarial valuation.

*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.

CITY OF BEDFORD  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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.

*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 providing retirement, disability, and survivor benefits.

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.

*Financial Report*

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. (844) 464-6777

*Contributions*

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS based on actuarial valuation. Employers may pay all or part of the member contribution for the member.

**Note 7. Cash Balance Deficit**

The financial statement contains one fund with a deficit in cash. This is a result of the fund being set up for a reimbursable grant. The reimbursement for expenditures made by the City was not received by December 31, 2018.

CITY OF BEDFORD  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 8. *Redevelopment Authority***

The City has entered into a lease rental agreement with the City of Bedford Redevelopment Authority (the lessor) for the StoneGate Arts and Education Center. The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related-party of the City. Lease payments during the year 2018 totaled \$0, with lease payments beginning in 2019.

**Note 9. *Other Postemployment Benefit***

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.

**Note 10. *Combined Funds***

The Trash Depreciation fund and the Sewer Ban Interest Fund were reported individually in the current financial statement, but were combined into one fund (Trash Depreciation fund) in the prior financial statement.

#### 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, 2018

	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	\$ 4,600,171	\$ 1,171,108	\$ 22,014	\$ 155,746	\$ 5,000	\$ 17,355
Receipts:						
Taxes	7,618,733	894,313	-	-	-	-
Licenses and permits	214,366	-	-	-	-	6,470
Intergovernmental receipts	1,632,734	881,706	131,060	-	-	-
Charges for services	148,257	-	-	44,423	-	2,970
Fines and forfeits	55,423	-	-	-	-	1,631
Utility fees	-	-	-	-	-	-
Other receipts	337,849	25,812	-	617	-	5,000
Total receipts	10,007,362	1,801,831	131,060	45,040	-	16,071
Disbursements:						
Personal services	6,242,967	921,340	-	20,918	-	-
Supplies	369,868	226,577	-	15,222	-	2,000
Other services and charges	1,788,868	149,524	-	2,538	-	18,987
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	931,877	464,409	44,247	61,662	-	500
Utility operating expenses	-	-	-	-	-	-
Other disbursements	45,144	10,480	-	1,692	-	-
Total disbursements	9,378,724	1,772,330	44,247	102,032	-	21,487
Excess (deficiency) of receipts over disbursements	628,638	29,501	86,813	(56,992)	-	(5,416)
Cash and investments - ending	\$ 5,228,809	\$ 1,200,609	\$ 108,827	\$ 98,754	\$ 5,000	\$ 11,939

CITY OF BEDFORD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	ELECTRONIC MAP GENERATION	PARK AND RECREATION	RAINY DAY	K-9 PROGRAM	LEVY EXCESS	CUMULATIVE CAPITAL IMPROVEMENT - CIGARETTE TAX
Cash and investments - beginning	\$ 1,049	\$ 961,900	\$ 57,721	\$ 4,198	\$ 168	\$ 128,862
Receipts:						
Taxes	-	1,099,527	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	84,209	-	-	-	35,396
Charges for services	21	404,254	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	17,576	-	1,000	-	-
Total receipts	21	1,605,566	-	1,000	-	35,396
Disbursements:						
Personal services	-	1,089,207	-	-	-	-
Supplies	-	158,832	-	2,508	-	-
Other services and charges	-	284,944	-	-	-	-
Debt service - principal and interest	-	42,995	-	-	-	-
Capital outlay	-	66,214	-	-	-	14,997
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	25,454	-	-	-	-
Total disbursements	-	1,667,646	-	2,508	-	14,997
Excess (deficiency) of receipts over disbursements	21	(62,080)	-	(1,508)	-	20,399
Cash and investments - ending	\$ 1,070	\$ 899,820	\$ 57,721	\$ 2,690	\$ 168	\$ 149,261

CITY OF BEDFORD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	CUMULATIVE CAPITAL DEVELOPMENT	NONREVERTING GOLF CARTS	ANTHEM GROUP INSURANCE	POLICE PENSION	FIRE PENSION	LOCAL OPTION INCOME TAX
Cash and investments - beginning	\$ 266,364	\$ 56,449	\$ 3,928,093	\$ 481,679	\$ 502,443	\$ 936,353
Receipts:						
Taxes	129,425	-	-	16,324	8,162	873,630
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	9,912	-	-	488,760	558,734	-
Charges for services	-	57,446	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	4,065	2,635,309	-	-	-
Total receipts	139,337	61,511	2,635,309	505,084	566,896	873,630
Disbursements:						
Personal services	-	-	2,811,469	493,618	568,211	724,625
Supplies	-	-	-	-	-	-
Other services and charges	-	-	27,797	-	50	-
Debt service - principal and interest	-	49,092	-	-	-	-
Capital outlay	78,193	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	4,033	-	-	-	-
Total disbursements	78,193	53,125	2,839,266	493,618	568,261	724,625
Excess (deficiency) of receipts over disbursements	61,144	8,386	(203,957)	11,466	(1,365)	149,005
Cash and investments - ending	\$ 327,508	\$ 64,835	\$ 3,724,136	\$ 493,145	\$ 501,078	\$ 1,085,358

CITY OF BEDFORD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	INDIANA HISTORIC PATHWAY GRANT	LOIT SPECIAL DISTRIBUTION	LOCAL ROAD AND BRIDGE MATCH GRANT	OTIS MERCHANDISE SALES	PARK NONREVERTING SHELTER DEPOSITS	OTIS TRUST FUND
Cash and investments - beginning	\$ 800	\$ 326,404	\$ 528,000	\$ 2,145	\$ 4,777	\$ 11,718
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	59,202	35,073	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	-	1,285
Total receipts	-	-	-	59,202	35,073	1,285
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	326,404	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	528,000	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	57,577	34,042	-
Total disbursements	-	326,404	528,000	57,577	34,042	-
Excess (deficiency) of receipts over disbursements	-	(326,404)	(528,000)	1,625	1,031	1,285
Cash and investments - ending	\$ 800	\$ -	\$ -	\$ 3,770	\$ 5,808	\$ 13,003

CITY OF BEDFORD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	NONREVERTING OTIS PARK	NONREVERTING JOHN LOWERY POOL	DARE FUND	LAWRENCE COUNTY LOCAL COORDINATING COUNCIL-DRUG FREE FUND	WHITE RIVER PORT AUTHORITY	HOUSING REHAB/ OWNER OCCUPIED HD-017-006
Cash and investments - beginning	\$ 179,541	\$ 36,823	\$ 11,846	\$ 453	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	71,443	22,622	-	-	-	26,000
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	2,761	1,060	7,186	8,500	9,149	-
Total receipts	74,204	23,682	7,186	8,500	9,149	26,000
Disbursements:						
Personal services	-	10,273	-	-	-	-
Supplies	-	2,086	3,762	2,369	-	-
Other services and charges	-	5,000	10	3,250	3,249	26,000
Debt service - principal and interest	41,512	-	-	-	-	-
Capital outlay	8,731	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	2,798	80	-	-	-	-
Total disbursements	53,041	17,439	3,772	5,619	3,249	26,000
Excess (deficiency) of receipts over disbursements	21,163	6,243	3,414	2,881	5,900	-
Cash and investments - ending	\$ 200,704	\$ 43,066	\$ 15,260	\$ 3,334	\$ 5,900	\$ -

CITY OF BEDFORD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	FIRE PREVENTION FUND	HOUSING REHAB HD 000-009	MICRO LOAN PROGRAM 89-001M.G	3286ALARMS	FIREARMS FUND	PETTY CASH AND CHANGE FUNDS	CELL (EDUCATIONAL GRANT)
Cash and investments - beginning	\$ 7,471	\$ 2,825	\$ 12,296	\$ 12,484	\$ 1,200	\$ 1,815	\$ 1,899
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	225	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	600	49	832	-	-	-	-
Total receipts	600	49	832	225	-	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	427	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	1,399
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	427	-	-	-	-	-	1,399
Excess (deficiency) of receipts over disbursements	173	49	832	225	-	-	(1,399)
Cash and investments - ending	\$ 7,644	\$ 2,874	\$ 13,128	\$ 12,709	\$ 1,200	\$ 1,815	\$ 500

CITY OF BEDFORD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	TIF REDEVELOPMENT DISTRICT GENERAL FUND	TIF BOND PRINCIPAL AND INTEREST	BEDFORD REDEVELOPMENT COMMISSION	STELLAR/DEPOT PROJECT FUND	STELLAR/TRAIL PROJECT FUND
Cash and investments - beginning	\$ 4,021,961	\$ 1,501	\$ 213,467	\$ 75,905	\$ 9,543
Receipts:					
Taxes	2,303,712	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	61,982	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	190,423	257,838	3,661	3,605	28,373
Total receipts	2,494,135	257,838	3,661	65,587	28,373
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	166,527	750	-	15,837	37,916
Debt service - principal and interest	3,425	257,088	-	-	-
Capital outlay	-	-	-	45,336	-
Utility operating expenses	-	-	-	-	-
Other disbursements	257,838	-	-	52,062	-
Total disbursements	427,790	257,838	-	113,235	37,916
Excess (deficiency) of receipts over disbursements	2,066,345	-	3,661	(47,648)	(9,543)
Cash and investments - ending	\$ 6,088,306	\$ 1,501	\$ 217,128	\$ 28,257	\$ -

CITY OF BEDFORD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	STELLAR/STREET PHASE I FUND	STELLAR/STREET PHASE II FUND	STELLAR/ GATEWAYS PROJECT FUND	STELLAR/ MURALS PROJECT FUND	STELLAR/ PAVILLION PARK/ALLEY FUND	STELLAR/ DOWNTOWN FACADES
Cash and investments - beginning	\$ 90,637	\$ 236,668	\$ 50,000	\$ 9,000	\$ 45,583	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	26,914	-	-	-	341,894
Total receipts	-	26,914	-	-	-	341,894
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	29,149	263,582	-	-	-	1,056,459
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	157	-	4,862	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	55,287	-	-	-	-	-
Total disbursements	84,436	263,582	157	-	4,862	1,056,459
Excess (deficiency) of receipts over disbursements	(84,436)	(236,668)	(157)	-	(4,862)	(714,565)
Cash and investments - ending	\$ 6,201	\$ -	\$ 49,843	\$ 9,000	\$ 40,721	\$ (714,565)

CITY OF BEDFORD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	STELLAR/ STONEGATE FUND	REDEVELOPMENT AUTHORITY RDA	NONREVERTING TRANSIT CAPITAL IMPROVEMENT FUND	TASC BUS FARES	PAYROLL	PAYROLL/ FEDERAL WITHHOLDING
Cash and investments - beginning	\$ 82,051	\$ -	\$ 416,523	\$ 646	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	4,179,662	-	44,258	-	-	-
Charges for services	300,000	78,993	-	12,765	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	52,062	-	-	-	716,961	770,317
Total receipts	4,531,724	78,993	44,258	12,765	716,961	770,317
Disbursements:						
Personal services	-	-	-	-	716,961	-
Supplies	-	-	-	-	-	-
Other services and charges	4,458,620	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	61,069	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	12,676	-	770,317
Total disbursements	4,458,620	-	61,069	12,676	716,961	770,317
Excess (deficiency) of receipts over disbursements	73,104	78,993	(16,811)	89	-	-
Cash and investments - ending	\$ 155,155	\$ 78,993	\$ 399,712	\$ 735	\$ -	\$ -

CITY OF BEDFORD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	PAYROLL/ FICA	PAYROLL/ MEDICARE	PAYROLL/ STATE WITHHOLDING	PAYROLL/ COUNTY WITHHOLDING	PAYROLL/ PERF	PAYROLL/ 1977 POLICE PENSION
Cash and investments - beginning	\$ -	\$ -	\$ 19,621	\$ 8,814	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	512,603	207,887	268,844	122,288	124,149	85,811
Total receipts	512,603	207,887	268,844	122,288	124,149	85,811
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	512,603	207,887	267,944	121,860	124,149	85,811
Total disbursements	512,603	207,887	267,944	121,860	124,149	85,811
Excess (deficiency) of receipts over disbursements	-	-	900	428	-	-
Cash and investments - ending	\$ -	\$ -	\$ 20,521	\$ 9,242	\$ -	\$ -

CITY OF BEDFORD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	PAYROLL/ 1977 FIRE PENSION	AMERICAN FIDELITY/ HEALTH FSA PRE-TAX	AMERICAN FIDELITY ASSURANCE/ PRE-TAX	AMERICAN FIDELITY ASSURANCE/ POST-TAX	PAYROLL/ TEXAS LIFE	PAYROLL/ VISION	PAYROLL/ DENTAL
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (113)	\$ 127
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	102,524	47,398	19,715	49,240	10,342	21,138	5,328
Total receipts	102,524	47,398	19,715	49,240	10,342	21,138	5,328
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	102,524	47,398	19,715	49,193	10,319	19,294	5,286
Total disbursements	102,524	47,398	19,715	49,193	10,319	19,294	5,286
Excess (deficiency) of receipts over disbursements	-	-	-	47	23	1,844	42
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 47	\$ 23	\$ 1,731	\$ 169

CITY OF BEDFORD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	PAYROLL/ BLUE CROSS	PAYROLL/ FIREFIGHTERS DUES	PAYROLL/ BONDS	PAYROLL/ AMERICAN HERITAGE	PAYROLL/ AFLAC (POST TAX)	PAYROLL/ GARNISHMENTS
Cash and investments - beginning	\$ 42,159	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	458,359	1,751	11,214	518	578	38,888
Total receipts	458,359	1,751	11,214	518	578	38,888
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	463,397	1,751	11,214	518	578	38,888
Total disbursements	463,397	1,751	11,214	518	578	38,888
Excess (deficiency) of receipts over disbursements	(5,038)	-	-	-	-	-
Cash and investments - ending	\$ 37,121	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF BEDFORD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	PAYROLL/ DEFERRED COMPENSATION	PAYROLL/ BOYS AND GIRLS CLUB	PAYROLL/ LIBERTY PRE-TAX	PAYROLL/ AFLAC 125	PAYROLL/ DD-DIRECT DEPOSIT	PAYROLL/ LIBERTY POST-TAX
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	114,610	2,282	2,324	13,226	5,413,728	11,513
Total receipts	114,610	2,282	2,324	13,226	5,413,728	11,513
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	114,610	2,282	2,324	13,226	5,413,728	11,513
Total disbursements	114,610	2,282	2,324	13,226	5,413,728	11,513
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-
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, 2018

	PAYROLL/ AFLAC CRITICAL ILLNESS	STORM WATER FUND	TRASH COLLECTION SERVICE	TRASH DEPRECIATION	SEWER OPERATING	SEWER DEPRECIATION
Cash and investments - beginning	\$ -	\$ 1,995,839	\$ 95,759	\$ 78,613	\$ 196,509	\$ 1,196,982
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	866,359	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	766,781	-	-	2,606,556	-
Other receipts	832	8,908	9,534	78,000	6,858,712	148,200
Total receipts	832	775,689	875,893	78,000	9,465,268	148,200
Disbursements:						
Personal services	-	66,255	576,453	-	560,993	-
Supplies	-	-	124,963	-	-	-
Other services and charges	-	689	104,584	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	33,100	739	-	45,897	-
Utility operating expenses	-	610,857	-	-	1,080,459	-
Other disbursements	832	2,985	78,402	-	7,463,444	107,454
Total disbursements	832	713,886	885,141	-	9,150,793	107,454
Excess (deficiency) of receipts over disbursements	-	61,803	(9,248)	78,000	314,475	40,746
Cash and investments - ending	\$ -	\$ 2,057,642	\$ 86,511	\$ 156,613	\$ 510,984	\$ 1,237,728

CITY OF BEDFORD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	2018 SEWER BOND AND INTEREST	SEWER BAN INTEREST FUND	SEWER BOND AND INTEREST	SEWER INSURANCE FUND	SEWER BIO SOLIDS FUND	SEWER IN LIEU OF TAXES
Cash and investments - beginning	\$ -	\$ 6,000	\$ 441,131	\$ 20,068	\$ 47,267	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	591,764	125,950	299,454	40,800	45,000	136,447
Total receipts	591,764	125,950	299,454	40,800	45,000	136,447
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	37,339	-	-
Debt service - principal and interest	-	131,950	740,585	-	-	-
Capital outlay	-	-	-	-	52,500	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	136,447
Total disbursements	-	131,950	740,585	37,339	52,500	136,447
Excess (deficiency) of receipts over disbursements	591,764	(6,000)	(441,131)	3,461	(7,500)	-
Cash and investments - ending	\$ 591,764	\$ -	\$ -	\$ 23,529	\$ 39,767	\$ -

CITY OF BEDFORD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	SEWER BAN - CONSTRUCTION FUND	WATER OPERATING	WATER DEPRECIATION	2018 WATER BOND AND INTEREST	WATER BAN INTEREST FUND	WATER BOND AND INTEREST
Cash and investments - beginning	\$ 3,657,152	\$ 1,106,934	\$ 635,306	\$ -	\$ 10,954	\$ 641,640
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	3,359,691	-	-	-	-
Other receipts	6,146,973	6,658,777	527,000	518,954	120,496	531,301
Total receipts	6,146,973	10,018,468	527,000	518,954	120,496	531,301
Disbursements:						
Personal services	-	607,423	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	6,060,801	-	457,752	-	131,450	1,172,941
Capital outlay	-	261,431	254,470	-	-	-
Utility operating expenses	2,904,504	1,375,247	287,612	-	-	-
Other disbursements	-	7,989,334	-	-	-	-
Total disbursements	8,965,305	10,233,435	999,834	-	131,450	1,172,941
Excess (deficiency) of receipts over disbursements	(2,818,332)	(214,967)	(472,834)	518,954	(10,954)	(641,640)
Cash and investments - ending	\$ 838,820	\$ 891,967	\$ 162,472	\$ 518,954	\$ -	\$ -

CITY OF BEDFORD  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	WATER TOWER FUND	WATER INSURANCE FUND	WATER IN LIEU OF TAXES FUND	WATER BAN - CONSTRUCTION FUND	Totals
Cash and investments - beginning	\$ 297,502	\$ 23,352	\$ -	\$ 1,037,062	\$ 31,251,333
Receipts:					
Taxes	-	-	-	-	12,943,826
Licenses and permits	-	-	-	-	220,836
Intergovernmental receipts	-	-	-	-	8,108,413
Charges for services	-	-	-	-	2,129,828
Fines and forfeits	-	-	-	-	57,279
Utility fees	-	-	-	-	6,733,028
Other receipts	276,000	49,800	177,885	5,631,464	42,079,207
Total receipts	276,000	49,800	177,885	5,631,464	72,272,417
Disbursements:					
Personal services	-	-	-	-	15,410,713
Supplies	-	-	-	-	908,614
Other services and charges	-	47,243	-	-	8,856,715
Debt service - principal and interest	-	-	-	5,504,382	14,593,973
Capital outlay	-	-	-	-	2,958,391
Utility operating expenses	-	-	-	1,109,406	7,368,085
Other disbursements	325,054	-	177,885	-	25,259,329
Total disbursements	325,054	47,243	177,885	6,613,788	75,355,820
Excess (deficiency) of receipts over disbursements	(49,054)	2,557	-	(982,324)	(3,083,403)
Cash and investments - ending	\$ 248,448	\$ 25,909	\$ -	\$ 54,738	\$ 28,167,930

CITY OF BEDFORD  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Storm Water	\$ -	\$ 92,303
Trash	-	90,283
Wastewater	-	312,805
Water	-	<u>308,658</u>
Totals	<u>\$ -</u>	<u>\$ 804,049</u>

CITY OF BEDFORD  
SCHEDULE OF LEASES AND DEBT  
December 31, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Balboa Capital Corporation	Hardware/Equipment Lease for IT for StoneGate	\$ 5,881	1/20/2019	1/20/2024
Balboa Capital Corporation	Hardware/Equipment Lease for StoneGate	19,959	1/20/2019	1/20/2024
BB Community Leasing	Equipment/Filtration System for Pool	42,995	4/26/2017	12/1/2022
City of Bedford Redevelopment Authority	StoneGate Arts & Education Center (New Building)	332,000	1/15/2019	1/15/2037
DeLage Landen Public Finance LLC	Lease Electronic Golf Carts (Otis Golf Course)	98,184	5/15/2016	10/15/2020
Wells Fargo Financial Leasing Inc	Mowing Equipment for Park/Otis	<u>56,015</u>	1/1/2019	1/1/2024
Total governmental activities		<u>555,034</u>		
Water:				
US Bancorp	Water Meter Lease Refinance	<u>305,168</u>	1/22/2015	7/22/2024
Total of annual lease payments		<u>\$ 860,202</u>		

Type	Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Revenue bonds	Refunding of 2007 Tax Increment Bonds	\$ 985,000	\$ 257,575
Total governmental activities		<u>985,000</u>	<u>257,575</u>
Wastewater:			
Revenue bonds	Refund Sewer Revenue Ban Series 2014	<u>6,760,000</u>	<u>135,176</u>
Total Wastewater		<u>6,760,000</u>	<u>135,176</u>
Water:			
Revenue bonds	Refund Water Revenue BAN Series 2014	<u>6,185,000</u>	<u>598,434</u>
Total Water		<u>6,185,000</u>	<u>598,434</u>
Totals		<u>\$ 13,930,000</u>	<u>\$ 991,185</u>

CITY OF BEDFORD  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2018

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	\$ 2,078,140
Infrastructure	3,964,263
Buildings	10,773,263
Improvements other than buildings	26,901,829
Machinery, equipment, and vehicles	<u>9,062,929</u>
Total governmental activities	<u>52,780,424</u>
Storm Water:	
Infrastructure	1,664,732
Improvements other than buildings	223,154
Machinery, equipment, and vehicles	<u>176,504</u>
Total Storm Water	<u>2,064,390</u>
Trash:	
Buildings	193,387
Machinery, equipment, and vehicles	<u>972,348</u>
Total Trash	<u>1,165,735</u>
Wastewater:	
Land	42,500
Infrastructure	4,920,913
Buildings	1,648,021
Improvements other than buildings	5,177,073
Machinery, equipment, and vehicles	<u>3,226,608</u>
Total Wastewater	<u>15,015,115</u>
Water:	
Land	42,500
Infrastructure	2,525,353
Buildings	3,740,209
Improvements other than buildings	7,327,742
Machinery, equipment, and vehicles	<u>6,289,980</u>
Total Water	<u>19,925,784</u>
Total capital assets	<u>\$ 90,951,448</u>

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

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

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

We have audited the City of Bedford's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with 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 each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

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


**Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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

June 4, 2019

(This page intentionally left blank.)

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, 2018

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 Agriculture</u>					
Community Facilities Loans and Grants Cluster Community Facilities Loans and Grants StoneGate Arts and Education Project	Direct Grant	10.766	0547356000948003	\$ -	\$ 2,878,893
Total - Community Facilities Loans and Grants Cluster				-	2,878,893
Total - Department of Agriculture				-	2,878,893
<u>Department of Housing and Urban Development</u>					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii Stellar Downtown Facades StoneGate Arts and Education Project Housing Rehab/Owner Occupied		14.228	A192-17-DR2-09-289 A192-17-ST-13-107 Indiana Housing and Community Development Authority	- - -	97,877 1,300,768 26,000
Total - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				-	1,424,645
Total - Department of Housing and Urban Development				-	1,424,645
<u>Department of Transportation</u>					
Federal Transit Cluster Bus and Bus Facilities Formula Program	Indiana Department of Transportation	20.526	800150026900LC7	-	44,258
Total - Federal Transit Cluster				-	44,258
Formula Grants for Rural Areas Transit Grant Operating	Indiana Department of Transportation	20.509	800150026300LC7	-	246,751
Total - Department of Transportation				-	246,751
Total federal awards expended				\$ -	\$ 4,594,547

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, 2018. 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?	no

Federal Awards:

Internal control over major programs:	
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 Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
14.228	Community Facilities Loans and Grants Cluster	Unmodified
	Community Development Block Grants/State's Program and Non-Entitlement Grant in Hawaii	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 2018-001**

Subject: Financial Transactions and Reporting  
Audit Finding: Material Weakness

*Condition*

The City did not have a proper system of internal control in place to prevent, or detect and correct, errors during the financial close and reporting process. Financial information was entered into the Indiana Gateway for Government Units financial reporting system, which was the source for the financial statement, by the Clerk-Treasurer with no evidence of an independent review, oversight, or approval process to ensure the accuracy of the information reported. There were no signatures of approval or other documentation to indicate that someone other than the Clerk-Treasurer was involved in the financial close and reporting process.

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

*Context*

The lack of controls was a systemic issue, which affected the entire financial close and reporting process.

*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. . . ."

*Cause*

Management of the City had not established a proper system of internal control related to the financial close and reporting process.

*Effect*

The failure to establish a proper system of internal controls could have enabled misstatements or irregularities within the financial statement to remain undetected.

*Recommendation*

We recommended that the City's management establish and implement a system of internal controls related to the financial close and reporting process.

*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.

(This page intentionally left blank.)

#### 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 2017-001***

Fiscal year in which the finding initially occurred: 2017  
Contact Person Responsible for Corrective Action: Marsha Pfeiffer  
Contact Phone Number: 812-275-1606

Status of Audit Finding: Implementation is ongoing:

Corrective action was taken for Finding 2017-001 with additional controls put in place. All individuals that are involved in the grants that possess the proper knowledge of said grants have been required to review the SEFA for accuracy and sign off on the grant schedule that was completed by Clerk-Treasurer/1<sup>st</sup> Deputy for the Annual Report. In addition they are being required to periodically update the Clerk-Treasurer office with any information they receive throughout the year involving any grant. The cfd.gov website is being utilized to help verify information such as agency titles, CFDA numbers and grant amounts. Also, the 1<sup>st</sup> Deputy Clerk-Treasurer creates Revenue Ledgers and double checks the Ledger with all receipts being processed for each grant. The Clerk-Treasurer office along with each department receiving federal funds is in the process of creating spreadsheets which can then be reviewed and compared.

*Marsha Pfeiffer*  
\_\_\_\_\_  
Signature

*Clerk - Treasurer*  
\_\_\_\_\_  
Title

*5/16/19*  
\_\_\_\_\_  
Date



*Marsha Pfeiffer*  
**BEDFORD CLERK-TREASURER**  
LAWRENCE COUNTY, INDIANA

**CORRECTIVE ACTION PLAN**

***FINDING 2018-001***

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

Views of Responsible Official: I agree there was not a signoff indicating more than one person reviewed the Annual Report but this was not the case. All financial transactions including receipts and expenditures are balanced monthly. The Clerk-Treasurer and 1<sup>st</sup> Deputy review the monthly data for accuracy and signoff. The monthly records are then required to be uploaded to Gateway under "Monthly and Annual Engagement Uploads" for review by SBOA. At year end the accumulation of the monthly records are uploaded to the Annual Financial Report. In order to ensure the financial information entered in the Annual Financial Report is correct, I continually include the 1<sup>st</sup> Deputy to review the information along with myself. This has been the process every year. I believe it is evident from our records that I/we are diligent in our efforts to ensure all financial information is reported correctly.

Description of Corrective Action Plan:

Additional Internal Controls will be implemented for the reporting process on the Annual Financial Report. After all data has been uploaded to the Annual Financial Report, the Clerk Treasurer and 1<sup>st</sup> Deputy will review the information entered for accuracy. Once the information has been analyzed, a copy of the completed Annual Financial Report will be printed and a signoff by Clerk Treasurer and 1<sup>st</sup> Deputy will be required to ensure all financial information is correct.

Anticipated Completion Date: 05/23/2019  
(AFR will be completed in 2020 but the new process will be discussed and implemented as of this date.)

*Marsha Pfeiffer*  
\_\_\_\_\_  
Signature

*Clerk-Treasurer*  
\_\_\_\_\_  
Title

*5/23/19*  
\_\_\_\_\_  
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/>.