



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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Auditor of State

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**NEWS RELEASE**

FOR RELEASE

November 21, 2012

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on the City of Bedford, Iowa.

The City's receipts totaled \$3,315,455 for the year ended June 30, 2011. The receipts included \$432,919 in property tax, \$9,887 from tax increment financing, \$1,670,620 from charges for service, \$191,828 from operating grants, contributions and restricted interest, \$195,663 from capital grants, contributions and restricted interest, \$87,255 from local option sales tax, \$4,433 from unrestricted interest on investments, \$649,450 from note proceeds, \$38,000 from loan proceeds and \$35,400 from other general receipts.

Disbursements for the year totaled \$2,812,810, and included \$480,373 for public safety, \$356,045 for public works, \$136,508 for culture and recreation and \$121,198 for debt service. Also, disbursements for business type activities totaled \$1,576,717.

A copy of the audit report is available for review in the City Clerk's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1121-0838-B00F.pdf>.

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**CITY OF BEDFORD**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS**

**JUNE 30, 2011**

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**City of Bedford**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Lary Wyckoff	Mayor	Jan 2012
Matt Ambrose	Mayor Pro tem	Jan 2012
Matt Dukes	Council Member	Jan 2012
Joe Hodge	Council Member	Jan 2012
Ben Spencer	Council Member	Jan 2012
Donnie Weed	Council Member	Jan 2012
Tammy Thompson	Clerk	Indefinite
Kay Dukes	Treasurer	Indefinite
Carl Sonksen	Attorney	Indefinite

**City of Bedford**



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Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bedford, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Bedford's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with U.S. generally accepted auditing standards 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Also, as permitted by the Code of Iowa, the accounting records of the City have not been audited for all prior years. Accordingly, we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2010.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the total fund balance at July 1, 2010, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bedford as of June 30, 2011, and the respective changes in its cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated September 21, 2012 on our consideration of the City of Bedford's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 12 and 28 through 30 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bedford's basic financial statements. Other supplementary information included in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the total fund balance at July 1, 2010, as discussed in the third paragraph, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

September 21, 2012

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The City of Bedford provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

Because the City is not required to be audited annually, much of the information is not easily comparable to prior years. Comparative data has been provided if available.

### **2011 FINANCIAL HIGHLIGHTS**

- The cash basis net assets of the City's governmental activities increased \$193,194 during the fiscal year ended June 30, 2011, primarily due to proceeds of general obligation notes for the purchase of emergency vehicles while a new fire truck was not purchased until the following fiscal year.
- The cash basis net assets of the City's business type activities increased \$309,451, primarily due to proceeds from the issuance of water revenue notes for water system improvements while most disbursements for the project were not spent until the following fiscal year.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term, as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide financial statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison to the City's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental funds and the City's outstanding indebtedness.

## **BASIS OF ACCOUNTING**

The City maintains its financial records on the basis of cash receipts and disbursements, and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statement*

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets reports information which helps answer this question.

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the water, sewer, gas and telecommunications systems. These activities are financed primarily by user fees and related charges.

### *Fund Financial Statements*

The City has two kinds of funds:

1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Local Option Sales Tax, 3) the Debt Service Fund and 4) the Permanent Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a statement of cash receipts, disbursements and changes in cash balances.

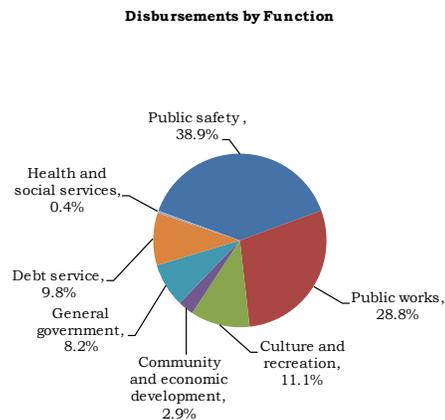
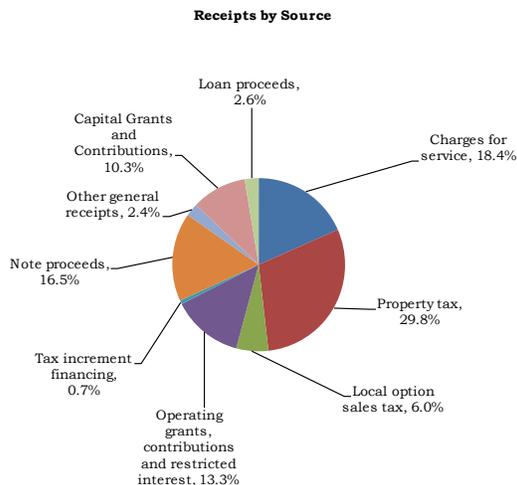
2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains four Enterprise Funds to provide separate information for water, sewer, gas and telecommunications operations. The Water, Sewer and Gas Funds are considered to be major funds of the City.

The required financial statement for proprietary funds is a statement of cash receipts, disbursements, and changes in cash balances.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing from approximately \$252,000 to approximately \$445,000, primarily due to proceeds of general obligation notes. The analysis which follows focuses on the changes in cash basis net assets of governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities (Expressed in Thousands)		Year ended June 30, 2011
Receipts:		
Program receipts:		
Charges for service	\$	266
Operating grants, contributions and restricted interest		192
Capital grants, contributions and restricted interest		149
General receipts:		
Property tax		433
Tax increment financing		10
Local option sales tax		87
Note proceeds		239
Loan proceeds		38
Other general receipts		35
Total receipts		<u>1,449</u>
Disbursements:		
Public safety		480
Public works		356
Health and social services		5
Culture and recreation		137
Community and economic development		36
General government		101
Debt service		121
Total disbursements		<u>1,236</u>
Change in cash basis net assets before transfers		213
Transfers, net		<u>(20)</u>
Change in cash basis net assets		193
Cash basis net assets beginning of year		<u>252</u>
Cash basis net assets end of year	\$	<u><u>445</u></u>



Total business type activities cash basis net assets increased approximately \$309,000 from a year ago, from \$873,938 to \$1,183,389. The increase is due primarily to the proceeds from water revenue notes issued at the end of the fiscal year while most of the project disbursements did not occur until the following fiscal year.

Changes in Cash Basis Net Assets of Business Type Activities (Expressed in Thousands)	
	Year ended June 30, 2011
Receipts:	
Program receipts:	
Charges for service:	
Water	\$ 410
Sewer	361
Gas	633
Capital grants contributions and restricted interest	47
General receipts:	
Unrestricted interest on investments	4
Note proceeds	410
Total receipts	<u>1,865</u>
Disbursements:	
Water	527
Sewer	420
Gas	621
Telecommunications	8
Total disbursements	<u>1,576</u>
Increase in cash basis net assets before transfers	289
Transfers, net	<u>20</u>
Change in cash basis net assets	309
Cash basis net assets beginning of year	<u>874</u>
Cash basis net assets end of year	<u><u>\$ 1,183</u></u>

### INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Bedford completed the year, its governmental funds reported a combined fund balance of \$445,337, an increase of \$193,194 from last year's total of \$252,143. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$185,622 from the prior year to a year-end balance of \$284,127. This increase is primarily due to the proceeds from general obligation notes received at the end of the fiscal year while the purchase of the new fire truck did not occur until the following fiscal year.
- The Special Revenue, Road Use Tax Fund cash balance increased \$7,404 from the prior year to a year-end balance of \$44,697. This is primarily due to lower disbursements as the City did not purchase new equipment, miscellaneous disbursements were less than expected and road use tax funding increased \$2,642 over the budgeted figure.
- The Debt Service Fund cash balance increased \$12,489 from the prior year to a year-end balance of \$46,987. This is due to an increase in local option sales tax (used for debt service/property tax reduction) collected during the fiscal year ended June 30, 2011.

## **INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

- The Enterprise, Water Fund cash balance increased \$294,838 to a year-end balance of \$538,616. This increase was primarily due to proceeds of water revenue notes issued during the fiscal year ended June 30, 2011.
- The Enterprise, Sewer Fund cash balance increased \$25,177 to a year-end balance of \$233,198. The increase was due primarily to a fund transfer from the Special Revenue, Local Option Sales Tax Fund and the receipt of \$47,163 of CDBG grant proceeds.
- The Enterprise, Gas Fund cash balance decreased \$37,184 to a year-end balance of \$384,955. The decrease was due primarily to transfers to other funds.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, the City amended its budget one time. The amendment was approved on May 11, 2011 and resulted in an increase in operating disbursements of \$278,995. The City issued \$245,000 of general obligation notes on June 28, 2011 to finance the purchase of a fire truck and issued \$420,000 of water revenue notes on June 22, 2011 to finance water improvements.

Even with the budget amendment, the City exceeded the budget for the public works and debt service functions for the year ended June 30, 2011. The debt service disbursements exceeded the budget by \$182 due to a variance in interest fees charged by the bank to the amortization schedule used for budget preparation. Public works exceeded the budget due to unanticipated mower repair for the airport and for street department expenses associated with repair and upgrades to the recently purchased DOT building.

The City's receipts were \$88,379 less than budgeted. This was primarily due to not receiving the anticipated \$240,000 of CDBG housing funds because of project delays. An additional \$26,088 of local option sales tax was received over the amount originally budgeted and the City received a \$25,000 insurance reimbursement during the year due to flooding at the community center.

Total disbursements were \$562,409 less than budgeted, due primarily to disbursements in the Enterprise, Gas Fund being less than budgeted. The City did not purchase new equipment, the purchase price of natural gas was down, there were less transfers out than budgeted and garbage collection fees were less than budgeted. Disbursements in the Enterprise, Water Fund were less than budgeted as the City did not purchase new equipment and the cost to purchase water was lower than budgeted.

## DEBT ADMINISTRATION

At June 30, 2011, the City had approximately \$1,347,000 in long-term debt outstanding, compared to \$880,524 last year. The table below segregates the City's debt into its component parts.

	Outstanding Debt at Year-End	
	June 30,	
	2011	2010
General obligation notes	\$ 602,000	457,000
Revenue notes	745,000	380,000
Loans	30,400	43,524
Total	\$ 1,377,400	880,524

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt is \$1,548,811 below its constitutional debt limit of approximately \$2,150,811. Additional information about the City's long term debt is presented in Note 3 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Bedford's elected and appointed officials and citizens considered many factors when setting the fiscal year 2012 budget, tax rates and fees charged for various City activities. The City's fiscal year 2012 assessed valuation has increased \$836,867 over the fiscal year 2011 level.

The fiscal year 2012 budget contains total receipts of \$2,715,690 and disbursements of \$3,015,789. This budget is lower than the amended fiscal year 2011 budget which contained total receipts of \$2,707,644 and disbursements of \$3,370,971.

The fiscal year 2012 levy is \$17.63048 per \$1,000 of taxable valuation, a decrease from \$17.96465 per \$1,000 of taxable valuation for fiscal year 2011. The debt service levy decreased from \$3.49964 per \$1,000 of taxable valuation for fiscal year 2011 to \$3.28286 per \$1,000 of taxable valuation for fiscal year 2012.

These parameters were taken into account when adopting the budget for fiscal year 2012.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Tammy Thompson, City Clerk, 625 Court Avenue, Bedford, IA 50833.

## **Basic Financial Statements**

City of Bedford

Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2011

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety	\$ 480,373	110,336	13,986	148,500
Public works	356,045	107,936	151,852	-
Health and social services	5,420	-	-	-
Culture and recreation	136,508	28,556	19,688	-
Community and economic development	35,729	-	6,302	-
General government	100,820	19,638	-	-
Debt service	121,198	-	-	-
Total governmental activities	1,236,093	266,466	191,828	148,500
Business type activities:				
Water	527,446	410,000	-	-
Sewer	419,977	360,666	-	47,163
Gas	620,914	633,488	-	-
Telecommunications	8,380	-	-	-
Total business type activities	1,576,717	1,404,154	-	47,163
Total	\$ 2,812,810	1,670,620	191,828	195,663
<b>General Receipts and Transfers:</b>				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Unrestricted interest on investments				
Water revenue note proceeds, net of \$9,650 discount and fees				
General obligation note proceeds, net of \$5,900 discount and fees				
Loan proceeds				
Miscellaneous				
Transfers				
Total general receipts and transfers				
Change in cash basis net assets				
Cash basis net assets beginning of year				
Cash basis net assets end of year				
<b>Cash Basis Net Assets</b>				
Restricted:				
Nonexpendable:				
Cemetery perpetual care				
Expendable:				
Streets				
Debt service				
Fire truck				
Capital projects				
Other purposes				
Unrestricted				
<b>Total cash basis net assets</b>				

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Governmental Activities	Business Type Activities	Total
(207,551)	-	(207,551)
(96,257)	-	(96,257)
(5,420)	-	(5,420)
(88,264)	-	(88,264)
(29,427)	-	(29,427)
(81,182)	-	(81,182)
(121,198)	-	(121,198)
(629,299)	-	(629,299)
-	(117,446)	(117,446)
-	(12,148)	(12,148)
-	12,574	12,574
-	(8,380)	(8,380)
-	(125,400)	(125,400)
(629,299)	(125,400)	(754,699)
349,856	-	349,856
83,063	-	83,063
9,887	-	9,887
87,255	-	87,255
-	4,433	4,433
-	410,350	410,350
239,100	-	239,100
38,000	-	38,000
35,400	-	35,400
(20,068)	20,068	-
822,493	434,851	1,257,344
193,194	309,451	502,645
252,143	873,938	1,126,081
\$ 445,337	1,183,389	1,628,726
\$ 7,789		7,789
44,697	-	44,697
46,987	188,341	235,328
239,100	-	239,100
-	345,297	345,297
63,737	-	63,737
43,027	649,751	692,778
\$ 445,337	1,183,389	1,628,726

City of Bedford

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Governmental Funds

As of and for the year ended June 30, 2011

	Special Revenue		
	General	Road Use Tax	Debt Service
<b>Receipts:</b>			
Property tax	\$ 249,000	-	83,063
Tax increment financing	-	-	-
Other city tax	12,711	-	50,624
Licenses and permits	4,680	-	-
Use of money and property	4,627	-	-
Intergovernmental	160,786	142,642	-
Charges for service	234,090	-	-
Miscellaneous	72,604	-	-
Total receipts	<u>738,498</u>	<u>142,642</u>	<u>133,687</u>
<b>Disbursements:</b>			
Operating:			
Public safety	476,125	-	-
Public works	197,657	135,238	-
Health and social services	5,420	-	-
Culture and recreation	129,451	-	-
Community and economic development	-	-	-
General government	100,820	-	-
Debt service	-	-	121,198
Total disbursements	<u>909,473</u>	<u>135,238</u>	<u>121,198</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(170,975)</u>	<u>7,404</u>	<u>12,489</u>
<b>Other financing sources (uses):</b>			
Note proceeds, net of \$5,900 discount and fees	239,100	-	-
Loan proceeds	38,000	-	-
Operating transfers in	79,497	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>356,597</u>	<u>-</u>	<u>-</u>
Net change in cash balances	185,622	7,404	12,489
Cash balances beginning of year	98,505	37,293	34,498
Cash balances end of year	<u>\$ 284,127</u>	<u>44,697</u>	<u>46,987</u>
<b>Cash Basis Fund Balances</b>			
Nonspendable - Cemetery perpetual care	\$ -	-	-
Restricted for:			
Streets	-	44,697	-
Debt service	-	-	46,987
Fire truck	239,100	-	-
Other purposes	2,000	-	-
Unassigned	43,027	-	-
Total cash basis fund balances	<u>\$ 284,127</u>	<u>44,697</u>	<u>46,987</u>

See notes to financial statements.

Nonmajor	Total
83,868	415,931
9,887	9,887
40,908	104,243
-	4,680
6,736	11,363
-	303,428
-	234,090
16,029	88,633
157,428	1,172,255
4,248	480,373
23,150	356,045
-	5,420
7,057	136,508
35,729	35,729
-	100,820
-	121,198
70,184	1,236,093
87,244	(63,838)
-	239,100
-	38,000
29,819	109,316
(129,384)	(129,384)
(99,565)	257,032
(12,321)	193,194
81,847	252,143
69,526	445,337
7,789	7,789
-	44,697
-	46,987
-	239,100
61,737	63,737
-	43,027
69,526	445,337

**City of Bedford**

City of Bedford

Statement of Cash -  
Receipts, Disbursements, and Changes in Cash Balances -  
Proprietary Funds

As of and for the year ended June 30, 2011

	Enterprise				Total
	Water	Sewer	Gas	Nonmajor Telecom- munications	
Operating receipts:					
Charges for service	\$ 410,000	360,566	633,488	-	1,404,054
Miscellaneous	-	100	-	-	100
Total operating receipts	410,000	360,666	633,488	-	1,404,154
Operating disbursements:					
Business type activities	400,668	292,547	620,914	-	1,314,129
Excess (deficiency) of operating receipts over (under) operating disbursements	9,332	68,119	12,574	-	90,025
Non-operating receipts (disbursements):					
Interest on investments	1,934	2,325	174	-	4,433
Community development block grant	-	47,163	-	-	47,163
Revenue note proceeds, net of \$9,650 discount and fees	410,350	-	-	-	410,350
Capital projects	(83,053)	(51,162)	-	(8,380)	(142,595)
Debt service	(43,725)	(76,268)	-	-	(119,993)
Net non-operating receipts (disbursements)	285,506	(77,942)	174	(8,380)	199,358
Excess (deficiency) of receipts over (under) disbursements	294,838	(9,823)	12,748	(8,380)	289,383
Operating transfers in	-	40,000	9,887	35,000	84,887
Operating transfers out	-	(5,000)	(59,819)	-	(64,819)
Total transfers in (out)	-	35,000	(49,932)	35,000	20,068
Net change in cash balances	294,838	25,177	(37,184)	26,620	309,451
Cash balances beginning of year	243,778	208,021	422,139	-	873,938
Cash balances end of year	\$ 538,616	233,198	384,955	26,620	1,183,389
<b>Cash Basis Fund Balances</b>					
Restricted for:					
Debt service	\$ -	188,341	-	-	188,341
Capital projects	327,297	18,000	-	-	345,297
Unrestricted	211,319	26,857	384,955	26,620	649,751
Total cash basis fund balances	\$ 538,616	233,198	384,955	26,620	1,183,389

See notes to financial statements.

City of Bedford

Notes to Financial Statements

June 30, 2011

**(1) Summary of Significant Accounting Policies**

The City of Bedford is a political subdivision of the State of Iowa located in Taylor County. It was first incorporated in 1895 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides water, sewer, gas and telecommunications utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Bedford has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Bedford (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational relationship with the City.

Blended Component Unit

The Bedford Fire Fighter's Association (Association) has been incorporated under the provisions of the Iowa Nonprofit Corporation Act, Chapter 504A of the Code of Iowa, to operate to study and advance the science of fire prevention, protection and suppression. The Association is governed by an eight-member board elected each year. The candidates are selected by a nominating committee. In accordance with the criteria set forth by the Governmental Accounting Standards Board, the Association meets the definition of a component unit which should be blended. The financial activity of the component unit has been blended as a Special Revenue Fund of the City.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards

and commissions: Taylor County Assessor's Conference Board, Bedford Area Economic Development Corporation, Adams/Taylor Regional Service Agency and Taylor County Emergency Management Commission.

B. Basis of Presentation

Government-wide Financial Statement - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in the following categories/components:

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

The Special Revenue, Road Use Tax Fund is to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance

The Debt Service Fund is utilized to account for property tax and other receipts to be used for the payment of interest and principal on the City's general long-term debt.

The City reports the following major proprietary funds:

The Enterprise, Water Fund accounts for the operation and maintenance of the City's water system.

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

The Enterprise, Gas Fund accounts for the operation and maintenance of the City's natural gas system.

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classification.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, disbursements exceeded the amounts budgeted in the public works and debt service functions.

**(2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

**(3) Notes and Loans Payable**

Annual debt service requirements to maturity for general obligation and revenue notes are as follows:

Year Ending June 30,	General Obligation Notes		Revenue Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 77,000	22,405	95,000	13,047	172,000	35,452
2013	79,000	19,086	100,000	13,195	179,000	32,281
2014	85,000	15,684	105,000	12,940	190,000	28,624
2015	26,000	11,846	110,000	12,690	136,000	24,536
2016	148,000	10,585	110,000	11,860	258,000	22,445
2017 - 2021	187,000	24,559	225,000	22,515	412,000	47,074
Total	\$ 602,000	104,165	745,000	86,247	1,347,000	190,412

On June 28, 2011, the City issued \$245,000 of general obligation notes at an interest rate of 1.85-3.20% per annum. The notes were issued for the purpose of paying the cost of a fire truck.

Sewer Revenue Notes

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$775,000 of sewer revenue notes issued in February 2001. Proceeds from the notes provided financing to repay project notes previously issued for costs of constructing improvements and extensions to the municipal sewer utility. The notes are payable solely from sewer customer net receipts and are payable through 2016. Annual principal and interest payments on the notes are expected to require 112% of net receipts. The total principal and interest remaining to be paid on the notes is \$342,924. For the current year, principal and interest paid and total customer net receipts were \$76,268 and \$68,119, respectively.

The resolution providing for the issuance of the revenue notes includes the following provisions:

- (a) Sufficient monthly transfers shall be made to a sewer sinking account for the purpose of making the note principal and interest payments when due.

- (b) Note proceeds of \$77,500 shall be deposited to a sewer reserve account which shall be pledged to pay principal and interest payments coming due when insufficient money is available in the sewer sinking account. The City purchased a certificate of deposit in this amount to reserve the funds.
- (c) The notes will only be redeemed from the future earnings of the enterprise activity and the noteholders hold a lien on the future earnings of the funds.
- (d) Additional monthly transfers of \$1,000 shall be made to a sewer improvement account until deposits to the sewer improvement account equal \$60,000. The account is restricted for the purpose of making the note principal and interest payments when the sewer sinking account and the sewer reserve account balances are insufficient and to pay the costs of extraordinary maintenance.
- (e) The City shall have the books and accounts audited annually and reported upon no later than 180 days after the end of each fiscal year.
- (f) User rates shall be established at a level which produces and maintains net receipts at a level not less than 125% of the amount of principal and interest on the bond falling due in the same year.

The City has not complied with the provision in the sewer revenue note resolution requiring the books and accounts to be audited annually.

The City has not established rates at a level which produces and maintains net receipts at a level not less than 125% of the amounts of principal and interest on the bonds.

#### Water Revenue Notes

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$420,000 of water revenue notes issued in June 2011. Proceeds from the notes provided financing for the costs of constructing improvements and extensions to the municipal water utility. The notes are payable solely from water customer net receipts and are payable through 2021. The total principal and interest remaining to be paid on the notes is \$488,323.

The resolution providing for the issuance of the revenue notes includes the following provisions:

- (a) Sufficient monthly transfers shall be made to a water sinking account for the purpose of making the note principal and interest payments when due.
- (b) A water reserve account shall be established to make deposits to pay the principal and interest requirement of the fiscal year.
- (c) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (d) The City shall have the books and accounts audited annually and reported upon no later than 180 days after the end of each fiscal year.
- (e) User rates shall be established at a level which produces and maintains net receipts at a level not less than 110% of the amount of principal and interest on the note falling due in the same year.

### Loan Agreements

On May 1, 1992, the City entered into two loan agreements with the Southern Iowa Rural Water Association (SIRWA) for \$186,322 and \$38,790. On December 31, 2001, the City combined the loans into one loan bearing interest at 5.75% per year, with principal and interest payments of \$1,386 per month from January 31, 2002 through March 31, 2014. During the year ended June 30, 2011, the City paid the remaining balance of the loan.

On March 1, 2011, the City entered into an interest-free loan agreement for a building which requires five annual payments of \$7,600 beginning March 1, 2011.

#### **(4) Pension and Retirement Benefits**

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 4.50% of their annual covered salary and the City is required to contribute 6.95% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contribution to IPERS for the year ended June 30, 2011 was \$35,956, equal to the required contribution for the year.

#### **(5) Other Postemployment Benefits (OPEB)**

Plan Description - The City operates a single-employer health benefit plan which provides medical/prescription drug, dental and life benefits for employees, retirees and their spouses. There are 13 active and no retired members in the plan as of June 30, 2011. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Coventry.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$523 for single coverage and \$1,308 for family coverage. The same monthly premiums would apply to retirees. For the year ended June 30, 2011, the City contributed \$144,407 to the plan and there were no contributions from plan members eligible for benefits.

#### **(6) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation and compensatory time hours for subsequent use or for payment upon termination, retirement or death. In addition, an employee's compensatory time may be credited against their outstanding utility billings. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and compensatory time payable to employees at June 30, 2011, primarily relating to the General Fund, was \$33,500. This liability has been computed based on rates of pay in effect at June 30, 2011.

**(7) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Employee Benefits	\$ 79,497
Special Revenue: Economic Development	Enterprise: Sewer Gas	5,000 24,819
Enterprise: Gas Sewer	Special Revenue: Tax Increment Financing Local Option Sales Tax	9,887 40,000
Telecommunications	Enterprise: Gas	35,000
Total		<u>\$ 194,203</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

**(8) Related Party Transactions**

The City had business transactions between the City and City officials totaling \$126,996 during the year ended June 30, 2011.

**(9) Risk Management**

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(10) Subsequent Events**

In August 2011, the City issued \$1,532,000 of sewer revenue notes and entered into contracts for sewer improvement projects totaling \$1,320,333. In January 2012, the City entered into a construction contract for \$334,990 for a lift station.

**Required Supplementary Information**

City of Bedford  
 Budgetary Comparison Schedule  
 of Receipts, Disbursements, and Changes in Balances -  
 Budget and Actual (Cash Basis) - All Governmental Funds and Enterprise Funds

Required Supplementary Information

Year ended June 30, 2011

	Governmental Funds Actual	Enterprise Funds Actual	Less Funds not Required to be Budgeted	Total
<b>Receipts:</b>				
Property tax	\$ 415,931	-	-	415,931
Tax increment financing	9,887	-	-	9,887
Other city tax	104,243	-	-	104,243
Licenses and permits	4,680	-	-	4,680
Use of money and property	11,363	4,433	21	15,775
Intergovernmental	303,428	47,163	-	350,591
Charges for service	234,090	1,404,054	-	1,638,144
Miscellaneous	88,633	100	8,719	80,014
Total receipts	<u>1,172,255</u>	<u>1,455,750</u>	<u>8,740</u>	<u>2,619,265</u>
<b>Disbursements:</b>				
Public safety	480,373	-	4,248	476,125
Public works	356,045	-	-	356,045
Health and social services	5,420	-	-	5,420
Culture and recreation	136,508	-	-	136,508
Community and economic development	35,729	-	-	35,729
General government	100,820	-	-	100,820
Debt service	121,198	-	-	121,198
Business type activities	-	1,576,717	-	1,576,717
Total disbursements	<u>1,236,093</u>	<u>1,576,717</u>	<u>4,248</u>	<u>2,808,562</u>
Excess (deficiency) of receipts over (under) disbursements	(63,838)	(120,967)	4,492	(189,297)
Other financing sources, net	257,032	430,418	-	687,450
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	193,194	309,451	4,492	498,153
Balances beginning of year	252,143	873,938	4,003	1,122,078
Balances end of year	<u>\$ 445,337</u>	<u>1,183,389</u>	<u>8,495</u>	<u>1,620,231</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Total
		Variance
416,823	416,823	(892)
10,034	10,034	(147)
78,155	78,155	26,088
4,500	4,500	180
17,036	17,036	(1,261)
388,399	551,899	(201,308)
1,572,356	1,572,356	65,788
32,050	56,841	23,173
<u>2,519,353</u>	<u>2,707,644</u>	<u>(88,379)</u>
568,050	759,902	283,777
301,160	316,160	(39,885)
3,300	5,420	-
118,316	143,218	6,710
207,809	217,930	182,201
106,600	106,600	5,780
121,016	121,016	(182)
1,665,725	1,700,725	124,008
<u>3,091,976</u>	<u>3,370,971</u>	<u>562,409</u>
(572,623)	(663,327)	474,030
<u>151,500</u>	<u>151,500</u>	<u>535,950</u>
(421,123)	(511,827)	1,009,980
<u>977,539</u>	<u>977,539</u>	<u>144,539</u>
<u>556,416</u>	<u>465,712</u>	<u>1,154,519</u>

City of Bedford

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2011

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except the blended component unit. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$278,995. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2011, disbursements exceeded the amounts budgeted in the public works and debt service functions.

**Other Supplementary Information**

City of Bedford

Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds

As of and for the year ended June 30, 2011

	Employee Benefits	Local Option Sales Tax	Economic Development Local Option Sales Tax	Economic Development
<b>Receipts:</b>				
Property tax	\$ 83,868	-	-	-
Tax increment financing	-	-	-	-
Other city tax	2,166	34,902	3,840	-
Use of money and property	-	-	-	6,302
Miscellaneous	-	-	-	-
Total receipts	86,034	34,902	3,840	6,302
<b>Disbursements:</b>				
Operating:				
Public safety	-	-	-	-
Public works	-	23,050	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	-	1,934	33,795
Total disbursements	-	23,050	1,934	33,795
Excess (deficiency) of receipts over (under) disbursements	86,034	11,852	1,906	(27,493)
<b>Other financing sources (uses):</b>				
Operating transfers in	-	-	-	29,819
Operating transfers out	(79,497)	(40,000)	-	-
Total other financing sources (uses)	(79,497)	(40,000)	-	29,819
Net change in cash balances	6,537	(28,148)	1,906	2,326
Cash balances beginning of year	(1,348)	39,221	-	2,529
Cash balances end of year	\$ 5,189	11,073	1,906	4,855
<b>Cash Basis Fund Balances</b>				
Nonspendable - Cemetary perpetual care	\$ -	-	-	-
Restricted for other purposes	5,189	11,073	1,906	4,855
Total cash basis fund balance	\$ 5,189	11,073	1,906	4,855

See accompanying independent auditor's report.

Special Revenue					Permanent	
CDBG Housing Rehabilitation	Tax Increment Financing	Performance Bond	Bedford Firefighters Association	Library Memorial	Cemetery Perpetual Care	Total
-	-	-	-	-	-	83,868
-	9,887	-	-	-	-	9,887
-	-	-	-	-	-	40,908
-	-	100	21	313	-	6,736
-	-	-	8,719	7,310	-	16,029
-	9,887	100	8,740	7,623	-	157,428
-	-	-	4,248	-	-	4,248
-	-	100	-	-	-	23,150
-	-	-	-	7,057	-	7,057
-	-	-	-	-	-	35,729
-	-	100	4,248	7,057	-	70,184
-	9,887	-	4,492	566	-	87,244
-	-	-	-	-	-	29,819
-	(9,887)	-	-	-	-	(129,384)
-	(9,887)	-	-	-	-	(99,565)
-	-	-	4,492	566	-	(12,321)
5,309	56	5,000	4,003	19,288	7,789	81,847
5,309	56	5,000	8,495	19,854	7,789	69,526
-	-	-	-	-	7,789	7,789
5,309	56	5,000	8,495	19,854	-	61,737
5,309	56	5,000	8,495	19,854	7,789	69,526

City of Bedford  
Schedule of Indebtedness  
Year ended June 30, 2011

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation notes:			
Street improvements	Aug 11, 2008	4.375-5.00%	\$ 350,000
Fire truck	Oct 27, 2008	4.15-4.85	240,000
Fire truck	Jun 28, 2011	1.85-3.20	245,000
Total			
Revenue notes			
Sewer	Feb 1, 2001	4.70-5.65%	\$ 775,000
Water	Jun 22, 2011	1.40-3.30	420,000
Total			
Loans:			
Southern Iowa Rural Water Association	May 1, 1992	5.75%	\$ 225,112
Building	Mar 1, 2011	0.00	38,000
Total			

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
250,000	-	80,000	170,000	11,037
207,000	-	20,000	187,000	9,711
-	245,000	-	245,000	-
<b>\$ 457,000</b>	<b>245,000</b>	<b>100,000</b>	<b>602,000</b>	<b>20,749</b>
380,000	-	55,000	325,000	21,268
-	420,000	-	420,000	-
<b>\$ 380,000</b>	<b>420,000</b>	<b>55,000</b>	<b>745,000</b>	<b>21,268</b>
43,524	-	43,524	-	201
-	38,000	7,600	30,400	-
<b>\$ 43,524</b>	<b>38,000</b>	<b>51,124</b>	<b>30,400</b>	<b>201</b>

City of Bedford

Note Maturities

June 30, 2011

Year Ending June 30,	General Obligation Notes							Total
	Street Improvement		Fire Truck		Fire Truck			
	Issued Aug 11, 2008		Issued Oct 27, 2008		Issued Jun 28, 2011			
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount		
2012	4.375%	\$ 55,000	4.15%	\$ 22,000	1.85%	\$ 20,000	97,000	
2013	4.375	55,000	4.15	24,000	1.85	25,000	104,000	
2014	4.375	60,000	4.85	25,000	1.85	25,000	110,000	
2015		-	4.85	26,000	1.85	25,000	51,000	
2016		-	4.85	28,000	1.85	25,000	53,000	
2017		-	4.85	30,000	3.20	25,000	55,000	
2018		-	4.85	32,000	3.20	25,000	57,000	
2019		-		-	3.20	25,000	25,000	
2020		-		-	3.20	25,000	25,000	
2021		-		-	3.20	25,000	25,000	
Total		<u>\$ 170,000</u>		<u>\$ 187,000</u>		<u>\$ 245,000</u>	<u>602,000</u>	

See accompanying independent auditor's report.

Revenue Notes						
Sewer			Water			
Issued Feb 1, 2001			Issued Jun 22, 2011			
Interest Rates		Amount	Interest Rates		Amount	Total
5.40%	\$	60,000	1.40%	\$	35,000	95,000
5.45		60,000	1.40		40,000	100,000
5.50		65,000	1.40		40,000	105,000
5.55		70,000	2.25		40,000	110,000
5.67		70,000	2.25		40,000	110,000
		-	2.25		40,000	40,000
		-	3.30		45,000	45,000
		-	3.30		45,000	45,000
		-	3.30		45,000	45,000
		-	3.30		50,000	50,000
	\$	<u>325,000</u>		\$	<u>420,000</u>	<u>745,000</u>

**City of Bedford**



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

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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 Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bedford, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated September 21, 2012. Our report on the financial statements, which were prepared in conformity with an other comprehensive basis of accounting, expressed qualified opinions since we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2010. Except as noted in the Independent Auditor's Report, we conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City of Bedford is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Bedford's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Bedford's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Bedford's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Bedford's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items (A) through (C) to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items (D) through (I) to be significant deficiencies.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bedford's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Bedford's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit the City of Bedford's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Bedford and other parties to whom the City of Bedford may report and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Bedford during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

September 21, 2012

City of Bedford

Schedule of Findings

Year ended June 30, 2011

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

(A) Segregation of Duties – One important element in designing internal control to safeguard assets and reasonably ensure the reliability of the accounting records is the concept of segregation of duties. When duties are properly segregated, the activities of one employee act as a check of those of another. One or two persons have control over each of the following areas:

- (1) Receipts – opening mail, collecting, depositing, journalizing, reconciling and posting.
- (2) Disbursements – invoice processing, check writing, mailing, reconciling and recording. In addition, not all invoices are received centrally by the City Clerk's office.
- (3) Cash – handling, reconciling and recording.

For the Bedford Fire Association and the Bedford Library, one person has control over each of the following areas:

- (1) Receipts – collecting, depositing, posting and reconciling.
- (2) Disbursements – posting, reconciling and check writing.
- (3) Cash – handling and recording cash.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City, the Bedford Fire Association and the Bedford Library should review their control activities to obtain the maximum internal control possible under the circumstances utilizing currently available personnel, including elected officials. Evidence of review of reconciliations should be indicated by the initials or signature of the independent reviewer and the date of the review.

Response – A cross checking of mail receipts has already been implemented. All credit card holders have been informed of the need to turn all invoices in along with the credit card statements and will begin doing so immediately.

The Fire Association and Library will be contacted to review operating procedures.

We will continue to strive for the best possible internal control practices possible given the limited number of employees. All forms are marked and signed/initialed and dated when reviewed.

Conclusion – Response accepted.

(B) Credit Cards – The City has credit cards for use by various employees while on City business. The City has not adopted a formal policy to regulate the use of credit cards and to establish procedures for the proper accounting of credit card charges.

In addition, the City is not reconciling the credit card invoice to receipts, nor does it require employees to turn in receipts or invoices to document items purchased with the credit card.

City of Bedford

Schedule of Findings

Year ended June 30, 2011

Recommendation – The City should establish written policies regulating the use of City credit cards. The policy, at a minimum, should address who controls credit cards, who is authorized to use credit cards and for what purpose, as well as the types of supporting documentation required to substantiate charges.

Response – A written credit card policy will be approved and implemented. Additionally, supporting documentation (such as invoices) will be attached to all credit card statements to further verify purchases. Just to clarify, credit card purchases were paid by statement and a separate statement was issued for each of the cards in use and stated purchase amount, date of purchase and which card was used. The three police officers and Maintenance Coordinator are the only employees with credit card access.

Conclusion – Response accepted.

- (C) Payroll – Timesheets were not maintained for all employees. In addition, there was no indication time sheets had been reviewed or approved by the appropriate supervisory personnel prior to the preparation of payroll.

Recommendation – Timesheets should be maintained, reviewed and approved by appropriate supervisory personnel prior to preparation of payroll. The approval should be evidenced by the initials or signature of the reviewer.

Response – The library has been contacted regarding use of time sheets and will implement this practice. Department heads currently review timesheets and, beginning June 2012, the City will ensure timesheets are signed or initialed as evidence of such review.

Conclusion – Response accepted.

- (D) Computer Systems – During our review of internal control, the existing control activities in the City's computer systems were evaluated in order to determine activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. The following weaknesses in the City's computer systems were noted:

- The City has no timeout/log-off function
- The City does not use screen saver passwords.
- Access to programs is not restricted.

Recommendation – The City should develop written policies addressing the above items in order to improve the City's control over its computer systems.

Response – New hardware has been ordered and will be set up with screen saver passwords and restricted access.

Conclusion – Response accepted.

City of Bedford

Schedule of Findings

Year ended June 30, 2011

- (E) Disbursements – For 6 of 24 items tested, disbursements were not supported by proper documentation or the invoices or other supporting documentation could not be located for review.

Recommendation – All disbursements should be supported by original invoices or other supporting documentation.

Response – Two of the claims noted were to HyVee for pool supplies. Effective immediately, any register receipts missing when reconciled to the monthly statement will be emailed to City Hall from HyVee. As stated under the comment regarding use of credit cards, there is a policy for credit cards being established for City Council approval. Per this policy, all credit card statements will be accompanied by the computer printout or packing slip invoice as a double verification of purchases by credit card.

Conclusion – Response acknowledged. Invoices should be the primary support for disbursements.

- (F) Mail Receipts – A listing of mail receipts is not prepared by the mail opener.

Recommendation – A listing of mail receipts should be prepared by the mail opener and should be compared to the bank deposit and the accounting records by an independent person, with evidence of the review being documented.

Response – Cross checking of mail receipts has already been implemented.

Conclusion – Response accepted.

- (G) Accounting Policies and Procedures Manual - The City does not have an accounting policies and procedures manual.

Recommendation - An accounting policies and procedures manual should be developed to provide the following benefits:

- (1) Aid in training additional or replacement personnel.
- (2) Help achieve uniformity in accounting and in the application of policies and procedures.
- (3) Save supervisory time by recording decisions so they will not have to be made each time the same, or a similar, situation arises.

Response – After being provided with a sample “Policies and Procedures Manual”, a manual is currently being compiled and will be presented for City Council approval in the near future. The manual will be kept on file at City Hall for future reference.

Conclusion – Response accepted.

- (H) Service Organization – Lifequest bills, collects and remits ambulance receipts to the City.

The City has not established procedures to determine Lifequest is billing, collecting and remitting all ambulance receipts to the City.

In addition, administrative fees are being withheld by Lifequest before receipts are remitted to the city.

City of Bedford

Schedule of Findings

Year ended June 30, 2011

Recommendation – The City should obtain a reconciliation of billings, collections and balances or other documentation from Lifequest to ensure the City is receiving all required ambulance receipts. The City should have Lifequest send a bill for administrative fees to ensure proper financial reporting of receipts and disbursements.

Response – The Ambulance Director will be contacted regarding reconciliation reports from Lifequest as well as billing direct rather than withholding fees from collections.

Conclusion – Response accepted.

- (I) Compensatory Time – Compensatory time earned can be used to credit an employee's utility billings up to three times a year. The Mayor approves each employee's request for compensatory time to be credited to their utility account. A listing of the City's compensatory time liability is generated at year end. However, there is no independent review of the listing.

Recommendation – The compensatory time liability listing at year end should be reviewed, signed or initialed and dated by an independent reviewer

Response – In the future, the compensatory time liability printed at year-end will be presented to the City Council for review and approval.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

City of Bedford

Schedule of Findings

Year ended June 30, 2011

**Other Findings Related to Required Statutory Reporting:**

- (1) Certified Budget – Disbursements during the year ended June 30, 2011 exceeded the amounts budgeted in the public works and debt services functions. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The Debt Service Fund exceeded the budget by \$182 due to a variance in interest payments due compared to the amortization schedule used to prepare the budget. The Public Works budget was amended but still exceeded budget by approximately \$40,000. This was due to unanticipated mower repair at the airport and street department expenses associated with repair and upgrades to the recently purchased DOT building (new street department shop building).

Conclusion – Response accepted.

- (2) Questionable Expenditures – Certain disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted. These disbursements are detailed as follows:

<u>Paid to</u>	<u>Purpose</u>	<u>Amount</u>
HyVee	Coffee and coffee filters for City Hall	\$39.11
HyVee	Coffee and bottled water	17.99
HyVee	Coffee	19.96

According to the opinion, it is possible for certain expenses to meet the test of serving a public purpose under certain circumstances, although such expenses will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Recommendation - The City Council should thoroughly consider and document the public purpose and propriety of these disbursements or, if appropriate, request reimbursement. If this practice is continued, the City should establish written policies and procedures, including the requirement for proper documentation.

Response - It has always been a practice of the City to purchase coffee. So while I'm unsure why this has just now been noted as a problem, we will discontinue this immediately. The employees will provide coffee for use by employees, elected officials and the public.

Conclusion – Response accepted.

- (3) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

City of Bedford

Schedule of Findings

Year ended June 30, 2011

- (4) Business Transactions – Business transactions between the City and city officials are employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Josh Weed, Police Officer, owner of Hawn Sanitation	Garbage removal, per bid	\$ 103,889
David Spencer, brother of Maintenance Coordinator Kenny Spencer, Independent contractor	Alley repair-curb/gutter, per bid	15,250
Matt Dukes, Council Member, Owner of 3D Construction	Concrete work for tennis court, per bid	725
Lary Wyckoff, Mayor, Independent contractor	Mowing and janitorial services	7,132

In accordance with Chapter 362.5 of the Code of Iowa, the transactions with Hawn Sanitation, David Spencer and Matt Dukes do not represent conflicts of interest since they were competitively bid. The transactions with Lary Wyckoff may represent a conflict of interest since total payments exceed \$2,500 and the services were not competitively bid.

The City should consult legal counsel to resolve this matter.

Response – The City will contact our legal counsel.

Conclusion – Response accepted.

- (5) Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
- (7) Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.
- (8) Private Use of Public Property – Article III, Section 31 of the Constitution of the State of Iowa prohibits the appropriation of public money or property for private purposes.

Based upon inquiry of City staff, management has allegedly permitted use of City vehicles and equipment for personal use. No direct evidence was submitted to corroborate these allegations. However, based upon inquiry of City staff, City Council members, employees and city residents have used City equipment, vehicles, supplies and personnel for personal use.

City of Bedford

Schedule of Findings

Year ended June 30, 2011

Recommendation – The City should review and revise its internal control and develop policies over the use of City equipment and supplies. The restrictions on personal use of City property, time or personnel should extend to all employees, City Council members and residents.

Response – The City will develop and adopt a policy regarding prohibition of the use of city property for private use.

Conclusion – Response accepted.

- (9) Revenue Notes – During the years ended June 30, 2001 and June 30, 2011, the City issued sewer and water revenue notes. The revenue note resolutions require “the books and accounts to be audited annually and reported upon not later than 180 days after the end of each fiscal year.” The City has not obtained an annual audit since June 30, 2009.

In addition, the City’s sewer revenue note resolution, Section 19(b), requires the City to establish, impose, adjust and provide for the collection of rates to be charged to utility customers which produce net operating receipts equal to at least 125% of the principal and interest coming due in each fiscal year. The City’s fiscal year 2011 net sewer operating receipts of \$68,119 were less than 125% of the \$76,268 of sewer revenue note principal and interest due during fiscal year 2011.

Recommendation – The City should comply with the annual audit requirement of the sewer revenue note resolution.

In addition, the City should review sewer rates and consult bond counsel to determine the disposition of this matter.

Response – After addressing this issue with the Council (after the 2006 audit), it was decided there would not be an annual audit due to the costs associated with an audit.

We will review the current receipts and disbursements to ensure net operating receipts are adequate. In addition, it is the City’s intention to pay the existing notes in full in the near future and re-assess rates then as there will be new State Revolving Fund (SRF) debt as a result of the current sewer improvement projects underway.

Conclusion – Response accepted.

- (10) Telecommunications Services – Chapter 388.10(1)(a) of the Code of Iowa states, in part, “A city that owns or operates a municipal utility providing telecommunication services or such a municipal utility shall not do, directly or indirectly ... (4) Use funds or revenue generated from electric, gas, water, sewage or garbage services provided by the city for the ongoing support of any city telecommunications system.”

Chapter 388.10(2)(a) of the Code of Iowa states, in part, “A city that owns or operates a municipal utility providing telecommunications services or such a municipal utility shall do the following:

Prepare and maintain records which record the full cost accounting of providing telecommunications services. The records shall show the amount and source of capital for initial construction or acquisition of the telecommunications system or facilities .... This section shall not prohibit a municipal utility from utilizing

City of Bedford

Schedule of Findings

Year ended June 30, 2011

capital from any lawful source, provided that the reasonable cost of such capital is accounted for as a cost of providing the service. In accounting for the cost of use of any city employees, facilities, equipment, or services, a city or municipal utility may make a reasonable allocation of the cost of use of any city employees, facilities, equipment, or services used by the municipal utility based upon reasonable criteria for the distribution of the cost of use in any manner which is not inconsistent with generally accepted accounting principles.”

The City Council approved resolution 2011-09 authorizing a transfer of \$35,000 from the Enterprise, Gas Fund to the Enterprise, Telecommunications Fund for “professional services/operating.” During fiscal year 2011, the City disbursed \$8,380 for engineering services, leaving a balance of \$26,620 in the Enterprise, Telecommunications Fund.

Recommendation – Pursuant to Chapter 388.10(2) of the Code of Iowa, the disbursements for engineering services appear to be an allowable capital cost. However, except as permitted by Chapter 388.10(2) of the Code of Iowa, the City may not use the remaining balance of the transferred funds for “operating” expenses. Accordingly, the City should either make a corrective transfer to return the remaining balance of the transferred funds to the Enterprise, Gas Fund or amend resolution 2011-09 to authorize the use of the funds for “initial construction or acquisition of the telecommunications system or facilities” and/or “to make a reasonable allocation of the cost of use of any city employees, facilities, equipment, or services used by the municipal utility based upon reasonable criteria for the distribution of the cost of use” consistent with Chapter 388.10(2) of the Code of Iowa.

Response – The Clerk will prepare a new resolution to amend the wording of Resolution 2011-09, which will remove the term “operating” and reference the recommendation of the audit, per Chapter 388.10(2).

Conclusion – Response accepted.

- (11) Unclaimed Property – Chapter 556.11 of the Code of Iowa requires each City to report and remit obligations, including utility payments and deposits outstanding for more than two years, to the State Treasurer’s Office annually. The City did not remit these obligations as required.

Recommendation – The outstanding utility payments and deposits should be reviewed annually and items over two years old should be remitted to the State Treasurer’s Office as required.

Response – As we now realize there is no minimum amount when determining remittance of overpayments on utility accounts we will review and remit all overpayments to the State Treasurer’s Office annually.

Conclusion – Response accepted.

- (12) Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the City to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. For the Bedford Fire Association and the Bedford Library, an image of the back of each cancelled check was not obtained.

City of Bedford

Schedule of Findings

Year ended June 30, 2011

Recommendation – The City should ensure the Library and the Fire Association obtain and retain an image of both the front and back of each cancelled check as required.

Response – The bank has been contacted and the images of the backs of cancelled checks will be included in future bank statements for the Library and the Fire Association.

Conclusion – Response accepted.

- (13) Additional Compensation – Except for the period January 2010 until his reappointment as Mayor on September 8, 2010, Lary Wyckoff has been the Mayor since 2009. The Mayor received a monthly salary for services performed at the City Library and an hourly fee for mowing the City Park. The Mayor received \$1,791 for janitorial services at the Library and \$5,340.50 for park mowing during fiscal year 2011, totaling \$7,131.50. In fiscal year 2012, the Mayor continued his park mowing services with total compensation of \$4,334.00.

Chapter 372.13(8) of the Code of Iowa states, in part, “Except as provided in section 362.5, an elected city officer is not entitled to receive any other compensation for any other city office or city employment during that officer’s tenure in office, but may be reimbursed for actual expenses incurred.” Chapter 362.5(11) provides an exception for contracts for the purchase of goods or services that may benefit the city officer or employee when the city population is 2,500 or less and the purchases benefiting that officer or employee do not exceed a cumulative total purchase price of \$2,500 in a fiscal year.”

Recommendation - This appears to violate Chapter 372.13(8) of the Code of Iowa which states "a city officer shall not receive any other compensation for any other city office or employment during that officer's tenure in office." The City should consult legal counsel to determine the disposition of this matter.

Response – During the budgeting sessions held in the spring of 2012, the seasonal mowing position for park maintenance was eliminated and employees of the city maintenance department now perform all park mowing. Mayor Wyckoff is no longer employed by the City of Bedford for the seasonal mowing/maintenance position.

A timeline of events leading up to Mayor Wyckoff’s employment with the City to provide seasonal mowing and maintenance at the City Park is as follows:

March 10, 2010 At the regularly scheduled City Council meeting in March, the City Clerk asked for clarification on the hiring of summer help for the park mowing and maintenance. The City council agreed the Park Board should handle the matter of hiring summer help for the mowing. At this time the Mayor of Bedford was Brent Grundstrom.

April 7, 2010 The following advertisement was placed in the Bedford Times-Press regarding the park mowing and maintenance position:

HELP WANTED: The City of Bedford is accepting applications for a seasonal position to include mowing/trimming and maintenance work (such as restroom care, painting, etc.) at Bibbins Park as well as any other mowing or maintenance work as needed. Applications are available at City Hall, 625 Court Avenue and should be returned to City Hall no later than 5:00 p.m. on April 16, 2010. City of Bedford is an equal opportunity employer.

City of Bedford

Schedule of Findings

Year ended June 30, 2011

As a result of that advertisement, Lary Wyckoff was hired on April 26, 2010 to do the seasonal mowing/trimming as well as minor repair work at the City park.

August 25, 2010 A special City Council meeting was held to conduct interviews for the gas department as well as the street department. At the meeting Mayor Grundstrom submitted his resignation to the City Council. A special meeting was then scheduled for September 1<sup>st</sup> to discuss the Mayoral vacancy.

September 1, 2010 At the special City Council meeting set for September 1<sup>st</sup> the Council discussed the vacancy left by the resignation of Mayor Grundstrom. It was decided an appointment to fill the position would be made at the September 8<sup>th</sup> meeting. The Council discussed former Mayors Belinda Ogle and Lary Wyckoff as options and agreed to visit with the community members and seek opinions before an appointment was made.

September 8, 2010 At the regularly scheduled Council meeting the Council briefly discussed appointments for Mayor and it was decided by unanimous vote to appoint Lary Wyckoff as Mayor to fill the vacancy left by resignation of Brent Grundstrom.

Conclusion – Response acknowledged. The City Council should clarify the nature of the contract the City had with the Mayor. Any future contracts for services to be provided for City officials or employees should be competitively bid and in writing.

- (14) Payroll – Lary Wyckoff was hired as an employee in June 2002 to provide janitorial services for the Library, and he received a monthly salary for those services from June 2002 until December 2010. Mr. Wyckoff represented to us the services were provided jointly by him and his wife, Library Board Member and Library Board Secretary Karen Wyckoff. Mrs. Wyckoff performed services inside the Library while Mr. Wyckoff performed the mowing and snow removal services outside the Library, but Mr. Wyckoff was paid for all of the services performed. Since Mr. Wyckoff was hired as an employee and not as an independent contractor, he should only have been paid for work he personally performed. Records to determine the hours worked individually by Mr. and Mrs. Wyckoff were not available.

According to the Library Board minutes dated January 5, 2011, “Since Lary Wyckoff is retiring this year, Karen (Wyckoff) asked if the cleaning job could be put in her name rather than Lary’s. Schaub moved to do this, seconded by Hall and motion carried.” Starting January 2011, Karen Wyckoff began receiving the monthly salary for the janitorial position.

Recommendation – The City should pay an employee only for work actually performed. The City should consult legal counsel regarding any corrective action related to this issue.

Response – The records of the Library Board reflect that from January of 2011, the City paid the individual actually hired to do the work. During that period, to the extent that the individual hired to do the work and paid for the work received assistance in performing the tasks from a spouse or other person(s), there was no provision in the Library Board records indicating that such a practice was prohibited by the Board. From January 2011 until October 17, 2012 when Karen Wyckoff resigned from the position, she received assistance in performing the work from her husband, Lary Wyckoff. At the direction of the City Council at the regular council meeting held October 10, 2012 it was decided that the City maintenance crew will assume the

City of Bedford

Schedule of Findings

Year ended June 30, 2011

duties of outdoor grounds-keeping (mowing, snow removal) at the library, thus leaving the library janitor responsible for indoor maintenance only. To address this specific type of circumstance in the future, the City may wish to put into place a policy that limits the extent that individuals may volunteer their time in assisting persons employed by the City or under contract to provide goods or services to the City.

Conclusion – Response accepted.

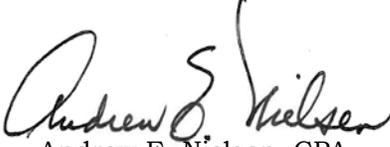
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City of Bedford

Staff

This audit was performed by:

Deborah J. Moser, CPA, Manager  
Alison P. Herold, Senior Auditor  
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Hannah K. Haas, Assistant Auditor



Andrew E. Nielsen, CPA  
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