OFFICE OF AUDITOR OF STATE

STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834

NEWS RELEASE

Contact: Pam Bormann
515/281-5834

FOR RELEASE October 13, 2025

Auditor of State Rob Sand today released an audit report on the City of Bedford, Iowa.

FINANCIAL HIGHLIGHTS:

The City's receipts totaled $3,938,809 for the year ended June 30, 2024, a 63.4% decrease from the prior year. Disbursements for the year ended June 30, 2024 totaled $4,214,811, a 59.4% decrease from the prior year. The significant decrease from the prior year in receipts and disbursements is due primarily to less note proceeds and U.S. Department of Agriculture grants received in the current year to fund water projects and the disbursements related to these projects.

AUDIT FINDINGS:

Sand reported three findings related to the receipt and disbursement of taxpayer funds. They are found on pages 49 through 53 of this report. The findings address issues such as a lack of segregation of duties and deficit fund balances. Sand provided the City with recommendations to address each of the findings.

All three of the findings discussed above are repeated from the prior year. The City Council has a fiduciary responsibility to provide oversight of the City's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

A copy of the audit report is available for review on the Auditor of State's website at Audit Reports – Auditor of State.

# # #

CITY OF BEDFORD

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2024

City of Bedford

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0006
Telephone (515) 281-5834

Rob Sand
Auditor of State

July 24, 2025

Officials of the City of Bedford
Bedford, Iowa

Dear Honorable Mayor and Members of the City Council:

I am pleased to submit to you the financial and compliance audit report for the City of Bedford, Iowa, for the year ended June 30, 2024. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of the City of Bedford throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

Rob Sand
Auditor of State

Table of Contents

City of Bedford

Officials

(Before January 2024)

Name	Title	Term Expires
Matt Churchhill	Mayor	Jan 2024
Mason Brown	Council Member	Jan 2024
Joel Hardee	Council Member	Jan 2024
Brianna Key	Council Member	Jan 2024
Tanner Peterman	Council Member	Jan 2024
Jodi Still	Council Member	Jan 2024
Tammy Thompson	City Clerk	Indefinite
Kay Dukes	Treasurer	Indefinite
James Varley	Attorney	Jan 2024

(After January 2024)

Name	Title	Term Expires
Aaron Hardee	Mayor	Jan 2026
Mason Brown	Council Member	Jan 2026
Joel Hardee	Council Member	Jan 2026
Tanner Peterman	Council Member	Jan 2026
Jodi Still	Council Member	Jan 2026
Daniel Wyckoff	Council Member	Jan 2026
Tammy Thompson	City Clerk	Indefinite
Kay Dukes	Treasurer	Indefinite
Bri (Sorensen) O'Hearn	Attorney	Indefinite

City of Bedford

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
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Rob Sand
Auditor of State

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2024, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2024, and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Bedford, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of a Matter – Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 of Bedford's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Bedford's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

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. We previously audited, in accordance with the standards referred to in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report, the financial statements of the year ended June 30, 2023 (which is not presented herein) and expressed unmodified opinions on the governmental activities, the business type activities, each major fund and the aggregate remaining fund information which were prepared on the cash basis of accounting. The financial statements for the year ended June 30, 2022 (which is not presented herein) and expressed modified opinions on the governmental activities, the business type activities, each major fund and the aggregate remaining fund information which were prepared on the cash basis of accounting since we were unable to satisfy ourselves as to the distribution by fund of the total July 1, 2021 fund balance. The supplementary information included in Schedules 1 through 3, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information in Schedules 1 through 3 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in this report. The other information comprises the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) and the Schedule of City Contributions on pages 30 through 36 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 24, 2025 on our consideration of the City of Bedford's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 of Bedford's internal control over financial reporting and compliance.

Pam Bormann

Pam Bormann, CPA
Deputy Auditor of State

July 24, 2025

City of Bedford

Basic Financial Statements

City of Bedford

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2024

		Program Receipts		
	Disbursements	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	$ 277,808	25,758	60,646	117,000
Public works	294,525	115,725	213,009	-
Health and social services	60	-	-	-
Culture and recreation	106,381	15,694	11,271	-
Community and economic development	384,666	-	145,622	127,927
General government	115,235	9,570	5,928	-
Debt service	171,493	-	-	-
Capital projects	573,389	-	6,797	-
Total governmental activities	1,923,557	166,747	443,273	244,927
Business type activities:				
Water	1,196,372	601,803	1,501	652,350
Sewer	465,773	457,296	-	-
Gas	629,109	656,286	260	-
Total business type activities	2,291,254	1,715,385	1,761	652,350
Total Primary Government	$ 4,214,811	1,882,132	445,034	897,277

General Receipts and Transfers:

Property and other city tax levied for:
General purposes
Debt service
Local option sales tax
Hotel motel tax
Cable franchise fees
Property tax replacement
Unrestricted interest on investments
Note proceeds
Miscellaneous
Sale of capital assets
Transfers

Total general receipts and transfers

Change in cash basis net position
Cash basis net position beginning of year

Cash basis net position end of year

Cash Basis Net Position

Restricted:
Nonexpendable:
Cemetery perpetual care
Expendable:
Streets
Local option sales tax
Capital projects
Debt service
America Rescue Plan Act
Other purposes
Unrestricted

Total cash basis net position

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
Governmental Activities	Business Type Activities	Total
(74,404)	-	(74,404)
34,209	-	34,209
(60)	-	(60)
(79,416)	-	(79,416)
(111,117)	-	(111,117)
(99,737)	-	(99,737)
(171,493)	-	(171,493)
(566,592)	-	(566,592)
(1,068,610)	-	(1,068,610)
-	59,282	59,282
-	(8,477)	(8,477)
-	27,437	27,437
-	78,242	78,242
(1,068,610)	78,242	(990,368)
388,384	-	388,384
88,491	-	88,491
153,456	-	153,456
3,300	-	3,300
4,961	-	4,961
35,590	-	35,590
5,559	-	5,559
-	8,577	8,577
9,298	-	9,298
16,750	-	16,750
120,000	(120,000)	-
825,789	(111,423)	714,366
(242,821)	(33,181)	(276,002)
1,054,745	1,337,490	2,392,235
$ 811,924	1,304,309	2,116,233
$ 9,289	-	9,289
269,767	-	269,767
164,184	-	164,184
36,771	-	36,771
158,193	243,186	401,379
-	31,349	31,349
85,391	399,480	484,871
88,329	630,294	718,623
$ 811,924	1,304,309	2,116,233

City of Bedford

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

As of and for the year ended June 30, 2024

	General	Special Revenue: Road Use Tax	Special Revenue: Local Option Sales and Services Tax	Special Revenue: Economic Development
Receipts:				
Property tax	$ 331,874	-	-	-
Local option sales tax	-	-	76,728	-
Other city tax	5,800	-	-	-
Licenses and permits	11,157	-	-	-
Use of money and property	6,154	-	-	5,735
Intergovernmental	35,949	213,009	-	127,927
Charges for service	153,425	-	-	-
Miscellaneous	15,111	-	-	-
Total receipts	559,470	213,009	76,728	133,662
Disbursements:				
Operating:				
Public safety	243,648	-	-	-
Public works	144,642	149,883	-	-
Health and social services	60	-	-	-
Culture and recreation	106,297	-	-	-
Community and economic development	-	-	14,987	250,797
General government	115,235	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	609,882	149,883	14,987	250,797
Excess (deficiency) of receipts over (under) disbursements	(50,412)	63,126	61,741	(117,135)
Other financing sources (uses):				
Insurance proceeds	117,000	-	-	-
Sale of capital assets	-	-	-	16,750
Transfers in	50,940	-	-	95,000
Transfers out	-	-	-	-
Total other financing sources (uses)	167,940	-	-	111,750
Change in cash balances	117,528	63,126	61,741	(5,385)
Cash balances beginning of year	(13,468)	206,641	102,443	(9,076)
Cash balances end of year	$ 104,060	269,767	164,184	(14,461)
Cash Basis Fund Balances				
Nonspendable - Cemetery perpetual care	$ -	-	-	-
Restricted for:				
Streets	-	269,767	-	-
Local option sales tax	-	-	164,184	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Other purposes	-	-	-	-
Unassigned	104,060	-	-	(14,461)
Total cash basis fund balances	$ 104,060	269,767	164,184	(14,461)

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
86,965	-	49,834	468,673
76,728	-	-	153,456
1,526	-	4,176	11,502
-	-	-	11,157
-	-	925	12,814
6,628	-	149,428	532,941
-	-	-	153,425
75	-	67,832	83,018
171,922	-	272,195	1,426,986
-	-	34,160	277,808
-	-	-	294,525
-	-	-	60
-	-	84	106,381
-	-	118,882	384,666
-	-	-	115,235
171,493	-	-	171,493
-	573,389	-	573,389
171,493	573,389	153,126	1,923,557
429	(573,389)	119,069	(496,571)
-	-	-	117,000
-	-	-	16,750
25,000	-	-	170,940
-	-	(50,940)	(50,940)
25,000	-	(50,940)	253,750
25,429	(573,389)	68,129	(242,821)
132,764	610,160	25,281	1,054,745
158,193	36,771	93,410	811,924
-	-	9,289	9,289
-	-	-	269,767
-	-	-	164,184
-	36,771	-	36,771
158,193	-	-	158,193
-	-	85,391	85,391
-	-	(1,270)	88,329
158,193	36,771	93,410	811,924

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, 2024

	Enterprise			
	Water	Sewer	Gas	Total
Operating receipts:				
Charges for service	$ 596,045	455,502	628,917	1,680,464
Miscellaneous	5,758	1,794	27,369	34,921
Total operating receipts	601,803	457,296	656,286	1,715,385
Operating disbursements:				
Business type activities	453,590	339,197	629,109	1,421,896
Excess of operating receipts over operating disbursements	148,213	118,099	27,177	293,489
Non-operating receipts (disbursements):				
Interest on investments	1,501	-	260	1,761
Intergovernmental	652,350	-	-	652,350
Debt service	(115,404)	(90,430)	-	(205,834)
Capital outlay	(627,378)	(36,146)	-	(663,524)
Net non-operating receipts (disbursements)	(88,931)	(126,576)	260	(215,247)
Excess (deficiency) of receipts over (under) disbursements	59,282	(8,477)	27,437	78,242
Other financing sources (uses):				
Water revenue capital anticipation notes	8,577	-	-	8,577
Transfers out	-	(70,000)	(50,000)	(120,000)
Total other financing sources (uses)	8,577	(70,000)	(50,000)	(111,423)
Change in cash balances	67,859	(78,477)	(22,563)	(33,181)
Cash balances beginning of year	403,612	247,494	686,384	1,337,490
Cash balances end of year	$ 471,471	169,017	663,821	1,304,309
Restricted for:				
Debt service	$ 230,809	12,377	-	243,186
American Rescue Plan Act	-	31,349	-	31,349
Other purposes	29,060	6,974	363,446	399,480
Unrestricted	211,602	118,317	300,375	630,294
Total cash basis fund balances	$ 471,471	169,017	663,821	1,304,309

See notes to financial statements.

(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 and gas 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 the operational or financial 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 Cash Basis Statement of Activities and Net Position 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 receipts are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories:

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Fund.

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position 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 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.

Special Revenue:

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

The Local Option Sales and Services Tax Fund is used to account for receipts from the local option sales and services tax. The receipts are to be used for property tax relief, infrastructure and economic development.

The Economic Development Fund is used to account for all resources used in the acquisition and construction of facilities and equipment.

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 Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities with the exception of those financed through Enterprise Funds.

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 position 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. Property Taxes and Governmental Cash Basis Fund Balances

The following accounting policies are followed in preparing the financial statements:

Property tax receipts recognized in the governmental funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2022 assessed property valuations; is for the tax accrual period July 1, 2023 through June 30, 2024 and reflects tax asking contained in the budget certified to the City Council in April 2023.

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

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

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 are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2024, disbursements did not exceed the amounts budgeted in any function.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2024 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 ensure 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. 72.

(3) Bonds and Notes Payable

A summary of changes in bonds and notes payable for the year ended June 30, 2024 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
Governmental activities:					
General obligation notes	$ 1,055,000	-	140,000	915,000	145,000
Business type activities:					
Direct borrowing:					
Water revenue capital loan notes	$ 3,663,713	-	74,514	3,589,199	75,468
Sewer revenue capital loan notes	812,000	-	79,000	733,000	82,000
Business-type activities total	$ 4,475,713	-	153,514	4,322,199	157,468

General Obligation Notes

A summary of the City's June 30, 2024 general obligation bonds payable is as follows:

Year Ending June 30,	State Street Issued Apr 1, 2021 Interest Rates	Principal	Interest	Polk Street Issued Jun 1, 2023 Interest Rates	Principal	Interest
2025	1.10%	$ 80,000	2,750	3.75%	$ 65,000	24,937
2026	1.10	85,000	1,870	3.75	65,000	22,500
2027	1.10	85,000	935	3.75	70,000	20,063
2028		-	-	3.75	70,000	17,438
2029		-	-	3.75	75,000	14,813
2030-2033		-	-	3.75	320,000	30,563
Total		$ 250,000	5,555		$ 665,000	130,314

Year Ending June 30,	Totals Principal	Interest	Total
2025	$ 145,000	27,687	172,687
2026	150,000	24,370	174,370
2027	155,000	20,998	175,998
2028	70,000	17,438	87,438
2029	75,000	14,813	89,813
2030-2033	320,000	30,563	350,563
	$ 915,000	135,869	1,050,869

On April 1, 2021, the City issued $520,000 of general obligation capital loan notes with an interest rate ranging from 0.45% to 1.10% per annum. The notes were issued to pay the costs of State Street improvements and are payable through June 2027. During the year ended June 30, 2024 the City paid principal and interest of $80,000 and $3,630, respectively, on the notes. The outstanding principal balance on the notes at June 30, 2024 is $250,000.

On June 1, 2023, the City issued $725,000 of general obligation capital loan notes with an interest rate of 3.75% per annum. The notes were issued to pay the costs of Polk Street improvements and are payable through June 1, 2033. During the year ended June 30, 2024 the City paid principal and interest of $60,000 and $27,188, respectively, on the notes. The outstanding principal balance on the notes at June 30, 2024 is $665,000.

Water Revenue Capital Loan Notes – Direct Borrowing

The City's June 30, 2024 water revenue capital loan notes payable is as follows:

	Water			
Year	Issued Oct 26, 2022			
Ending June 30,	Interest Rates	Principal	Interest	Total
2025	1.125%	$ 75,468	39,936	115,404
2026	1.125	76,266	39,138	115,404
2027	1.125	77,128	38,275	115,403
2028	1.125	77,949	37,455	115,404
2029	1.125	78,933	36,471	115,404
2030-2034	1.125	407,996	169,024	577,020
2035-2039	1.125	431,592	145,428	577,020
2040-2044	1.125	456,523	120,498	577,021
2045-2049	1.125	482,986	94,034	577,020
2050-2054	1.125	510,888	66,132	577,020
2055-2059	1.125	540,435	36,585	577,020
2059-2063	1.125	373,035	7,135	380,170
Total		$ 3,589,199	830,111	4,419,310

On October 26, 2022, the City entered into an agreement with the U.S. Department of Agriculture for the issuance of water revenue capital loan notes for $3,713,000 with interest at 1.125% per annum. Proceeds from the notes provided financing for the costs of construction improvements and extensions to municipal water utility and refunding the water revenue capital loan notes, anticipatory notes, dated February 19, 2021, the water revenue capital loan notes, series 2017, dated February 24, 2017 and water revenue capital loan notes, series 2013, dated November 22, 2013. The notes are payable solely from water customer net receipts and are payable through October 2062. During the year ended June 30, 2024, the City paid principal of $74,514 and interest of $40,890 on the notes.

The City has pledged future water customer receipts, net of specified operating disbursements, to repay $3,713,000 of water revenue capital loan notes issued in October 2022. The notes are payable solely from water customer net receipts. Annual principal and interest payments on the notes are expected to require 78% of net receipts. The total principal and interest remaining to be paid on the notes is $4,419,310. For the current year, principal and interest paid and total customer net receipts were $115,404 and $148,213, respectively.

The resolutions providing for the issuance of the water revenue capital loan notes includes the following provisions:

(a) 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 fund.

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

(c) Water user rates shall be established at a level which produces and maintains net receipts at a level not less than 110% of the average annual installments of principal and interest on the notes falling due in the same year.

Sewer Revenue Capital Loan Notes – Direct Borrowing

The City's June 30, 2024 sewer revenue capital loan notes payable is as follows:

Year Ending June 30,	Sewer Issued Aug 3, 2011 Interest Rates	Principal	Interest	Total
2025	1.75%	$ 82,000	12,828	94,828
2026	1.75	84,000	11,393	95,393
2027	1.75	87,000	9,923	96,923
2028	1.75	90,000	8,400	98,400
2029	1.75	93,000	6,825	99,825
2030-2032	1.75	297,000	10,500	307,500
Total		$ 733,000	59,868	792,868

On August 3, 2011, the City entered into a loan agreement with the Iowa Finance Authority and the Iowa Department of Natural Resources for issuance of sewer revenue capital loan notes of up to $1,532,000 with interest at 1.75% per annum. The agreement also requires the City to annually pay a .25% servicing fee on the outstanding principal balance. The notes were issued pursuant to the provisions of Chapters 384.24A and 384.83 of the Code of Iowa to pay the cost of constructing improvements and extensions to the municipal wastewater treatment system. During the year ended June 30, 2024, the City paid principal of $79,000 and interest of $9,400 on the notes.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay $1,532,000 of sewer revenue capital loan notes issued in August 2011. The notes are payable solely from sewer customer net receipts. Annual principal and interest payments on the notes are expected to require 75% of net receipts. The total principal and interest remaining to be paid on the notes is $792,868. For the current year, principal and interest paid and total customer net receipts were $88,400 and $118,099, respectively.

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

(a) 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 fund.

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

(c) 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 notes falling due in the same year.

(4) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2024, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%.

The City's contributions to IPERS for the year ended June 30, 2024 totaled $51,162.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2024, the City reported a liability of $266,890 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2023, the City's proportion was 0.005913%, which was an increase of 0.000110% over its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled $22,678, $208,933 and $162,737, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2023 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	21.0%	4.56%
International equity	16.5	6.22
Global smart beta equity	5.0	5.22
Core plus fixed income	23.0	2.69
Public credit	3.0	4.38
Cash	1.0	1.59
Private equity	17.0	10.44
Private real assets	9.0	3.88
Private credit	4.5	4.60
Total	100.0%	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	$ 567,468	266,890	15,001

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

(5) Other Postemployment Benefits (OPEB)

Plan Description – The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2024, the City contributed $113,892 and plan members eligible for benefits contributed $11,616 to the plan. At June 30, 2024, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by the City of Bedford and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Active employees	8
Total	8

(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. 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, 2024, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	$ 16,000
Compensatory time	32,000
Total	$ 48,000

This liability has been computed based on rates of pay in effect at June 30, 2024.

(7) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2024 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Employee Benefits	$ 50,940
Debt Service	Enterprise:	
	Sewer	25,000
Special Revenue:	Enterprise:	
Economic Development	Sewer	45,000
	Gas	50,000
		95,000
Total		$ 170,940

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

(8) 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.

(9) Deficit Balance

The Special Revenue, Economic Development and Housing Rehab Funds had deficit balances of $14,461 and $1,270, respectively at June 30, 2024. The deficits will be eliminated through future grant reimbursements.

City of Bedford

Other Information

City of Bedford

Budgetary Comparison Schedule
of Receipts, Disbursements, and Changes in Balances –
Budget and Actual – All Governmental Funds and Proprietary Funds

Other Information

Year ended June 30, 2024

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted	Total
Receipts:				
Property tax	$ 468,673	-	-	468,673
Other city tax	164,958	-	-	164,958
Licenses and permits	11,157	-	-	11,157
Use of money and property	12,814	1,761	254	14,321
Intergovernmental	532,941	652,350	-	1,185,291
Charges for service	153,425	1,680,464	-	1,833,889
Miscellaneous	83,018	34,921	60,392	57,547
Total receipts	1,426,986	2,369,496	60,646	3,735,836
Disbursements:				
Public safety	277,808	-	34,160	243,648
Public works	294,525	-	-	294,525
Health and social services	60	-	-	60
Culture and recreation	106,381	-	-	106,381
Community and economic development	384,666	-	-	384,666
General government	115,235	-	-	115,235
Debt service	171,493	-	-	171,493
Capital projects	573,389	-	-	573,389
Business type activities	-	2,291,254	-	2,291,254
Total disbursements	1,923,557	2,291,254	34,160	4,180,651
Deficiency of receipts under disbursements	(496,571)	78,242	26,486	(444,815)
Other financing sources, net	253,750	(111,423)	-	142,327
Change in balances	(242,821)	(33,181)	26,486	(302,488)
Balances beginning of year	1,054,745	1,337,490	7,406	2,384,829
Balances end of year	$ 811,924	1,304,309	33,892	2,082,341

See accompanying independent auditor's report.

Budgeted Amounts		Final to Total
Original	Final	Variance
469,455	469,455	(782)
137,778	137,778	27,180
5,400	5,400	5,757
9,635	9,635	4,686
623,477	882,510	302,781
1,767,300	1,769,800	64,089
32,550	32,550	24,997
3,045,595	3,307,128	428,708
438,140	438,140	194,492
451,583	461,083	166,558
100	100	40
158,766	158,766	52,385
261,932	545,965	161,299
142,364	142,364	27,129
173,180	173,180	1,687
725,000	725,000	151,611
2,302,226	2,302,226	10,972
4,653,291	4,946,824	766,173
(1,607,696)	(1,639,696)	1,194,881
725,000	725,000	(582,673)
(882,696)	(914,696)	612,208
1,609,983	1,609,983	774,846
727,287	695,287	1,387,054

The budgetary comparison is presented 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, the Capital Projects Fund, the Permanent 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 $293,533. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2024, disbursements did not exceed the amounts budgeted in any function.

City of Bedford

Schedule of the City’s Proportionate Share of the Net Pension Liability (Asset)

Iowa Public Employees’ Retirement System
For the Last Three Years*
(In Thousands)

Other Information

	2024	2023	2022
City's proportion of the net pension liability (asset)	0.005913%	0.005803%	(0.002147)% **
City's proportionate share of the net pension liability (asset)	$ 267	219	7
City's covered payroll	$ 519	467	429
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	51.45%	46.90%	1.63%
IPERS' net position as a percentage of the total pension liability (asset)	90.13%	91.40%	100.81%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

** Overall plan net pension asset.

See accompanying independent auditor’s report.

City of Bedford

Schedule of City Contributions

Iowa Public Employees' Retirement System
For the Last Ten Years
(In Thousands)

Other Information

		2024	2023	2022	2021
Statutorily required contribution	$	51	49	44	41
Contributions in relation to the statutorily required contribution		(51)	(49)	(44)	(41)
Contribution deficiency (excess)	$	-	-	-	-
City's covered payroll	$	542	519	467	429
Contributions as a percentage of covered payroll		9.44%	9.44%	9.44%	9.44%

See accompanying independent auditor's report.

2020	2019	2018	2017	2016	2015
41	39	34	34	31	31
(41)	(39)	(34)	(34)	(31)	(31)
-	-	-	-	-	-
433	415	385	377	350	353
9.44%	9.44%	8.93%	8.93%	8.93%	8.93%

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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, 2024

	Special			
	Employee Benefits	Hotel Motel Tax	Housing Rehab	Bond Performance
Receipts:				
Property tax	$ 49,834	-	-	-
Other city tax	876	3,300	-	-
Use of money and property	-	-	-	193
Intergovernmental	3,806	-	145,622	-
Miscellaneous	43	-	-	-
Total receipts	54,559	3,300	145,622	193
Disbursements:				
Operating:				
Public safety	-	-	-	-
Cultures and recreation	-	-	-	-
Community and economic development	-	-	118,882	-
Total disbursements	-	-	118,882	-
Excess of receipts over disbursements	54,559	3,300	26,740	193
Other financing uses:				
Transfers out	(50,940)	-	-	-
Change in cash balances	3,619	3,300	26,740	193
Cash balances beginning of year	227	9,063	(28,010)	5,000
Cash balances end of year	$ 3,846	12,363	(1,270)	5,193
Cash Basis Fund Balances				
Nonspendable - Cemetery perpetual care	$ -	-	-	-
Restricted for other purposes	3,846	12,363	-	5,193
Unassigned	-	-	(1,270)	-
Total cash basis fund balances	$ 3,846	12,363	(1,270)	5,193

See accompanying independent auditor's report.

Revenue		Permanent	
Library Memorial	Bedford Fire Fighter's Association	Perpetual Care	Total
-	-	-	49,834
-	-	-	4,176
478	254	-	925
-	-	-	149,428
6,797	60,392	600	67,832
7,275	60,646	600	272,195
-	34,160	-	34,160
84	-	-	84
-	-	-	118,882
84	34,160	-	153,126
7,191	26,486	600	119,069
-	-	-	(50,940)
7,191	26,486	600	68,129
22,906	7,406	8,689	25,281
30,097	33,892	9,289	93,410
-	-	9,289	9,289
30,097	33,892	-	85,391
-	-	-	(1,270)
30,097	33,892	9,289	93,410

City of Bedford

Schedule of Receipts By Source and Disbursements By Function -
All Governmental Funds

For the Last Three Years

	2024	2023	2022
Receipts:			
Property tax	$ 468,673	470,051	458,275
Local option sales tax	153,456	148,024	162,834
Other city tax	11,502	10,613	12,191
Licenses and permits	11,157	12,309	11,888
Use of money and property	12,814	11,731	4,731
Intergovernmental	532,941	677,437	719,007
Charges for service	153,425	157,972	135,609
Miscellaneous	83,018	43,981	52,167
Total	$ 1,426,986	1,532,118	1,556,702
Disbursements:			
Operating:			
Public safety	$ 277,808	585,455	261,587
Public works	294,525	310,843	449,687
Health and social services	60	35	35
Culture and recreation	106,381	128,453	114,487
Community and economic development	384,666	514,255	425,160
General government	115,235	117,754	97,098
Debt service	171,493	177,312	167,957
Capital projects	573,389	207,389	501,272
Total	$ 1,923,557	2,041,496	2,017,283

See accompanying independent auditor's report.

City of Bedford

Schedule of Expenditures of Federal Awards

Year ended June 30, 2024

Grantor/Program	Assistance Listings Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. Department of Agriculture:			
Water and Waste Disposal Systems			
for Rural Communities	10.760		$ 566,369
Total U.S. Department of Agriculture			566,369
U.S. Department of Housing and Urban Development:			
Passed through Iowa Economic Development Authority:			
Community Development Block Grants/State's			
Program and Non-Entitlement Grants in Hawaii	14.228	20-WS-039	61,009
Community Development Block Grants/State's			
Program and Non-Entitlement Grants in Hawaii	14.228	20-CVN-019	1,000
Community Development Block Grants/State's			
Program and Non-Entitlement Grants in Hawaii	14.228	20-CVN-045	75,072
Community Development Block Grants/State's			
Program and Non-Entitlement Grants in Hawaii	14.228	21-HSG-004	118,719
Total U.S. Department of Housing and Urban Development			255,800
U.S. Department of Treasury:			
COVID-19, CORONAVIRUS STATE AND LOCAL			
FISCAL RECOVERY FUNDS	21.027		36,146
Total U.S. Department of Treasury			36,146
Total			$ 858,315

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the City of Bedford under programs of the federal government for the year ended June 30, 2024. The information in this Schedule 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 Schedule presents only a selected portion of the operations of City of Bedford, it is not intended to and does not present the financial position, changes in financial position or cash flows of the City of Bedford.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate – The City of Bedford has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
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 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 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, 2024, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 24, 2025. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Bedford's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City of Bedford's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in Part II of the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item 2024-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item 2024-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bedford's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 which are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2024 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.

City of Bedford's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Bedford's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City of Bedford's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.

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.

Pam Bormann

Pam Bormann, CPA
Deputy Auditor of State

July 24, 2025

City of Bedford

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Rob Sand
Auditor of State

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Honorable Mayor and Members of the City Council:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Bedford, Iowa's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the City of Bedford's major federal program for the year ended June 30, 2024. The City of Bedford's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of Bedford complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Bedford and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Bedford's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Bedford's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Bedford's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence judgment made by a reasonable user of the report on compliance about the City of Bedford's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Bedford's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Bedford's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City of Bedford's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Pam Bormann

Pam Bormann, CPA
Deputy Auditor of State

July 24, 2025

City of Bedford

Schedule of Findings and Questioned Costs

Year ended June 30, 2024

Part I: Summary of the Independent Auditor's Results:

(a) Unmodified opinions were issued on the financial statements which were prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

(b) A significant deficiency and a material weakness in internal control over financial reporting were disclosed by the audit of the financial statements.

(c) The audit did not disclose any noncompliance which is material to the financial statements.

(d) No significant deficiencies or material weaknesses in internal control over the major program were noted.

(e) An unmodified opinion was issued on compliance with requirements applicable to the major program.

(f) The audit disclosed no audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.

(g) The major program was Assistance Listing Number 10.760, Water and Waste Disposal Systems for Rural Communities.

(h) The dollar threshold used to distinguish between Type A and Type B programs was $750,000.

(i) The City of Bedford did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2024-001 Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City's financial statements.

Condition – Generally, one or two individuals have control over the following areas for which no compensating controls exist:

(1) Accounting system – performance of all accounting functions, controlling all data input and output and having custody of assets.

(2) Cash – initiating cash receipt and disbursement transactions, handling and recording cash.

(3) Investments – detailed recordkeeping, custody of investments and reconciling earnings.

(4) Long-term debt – maintaining long-term debt records, compliance and debt payment processing.

(5) Receipts – opening mail, collecting, depositing, recording and reconciling.

Cause – The City has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the City's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials, to provide additional controls through review of financial transactions and reconciliations and financial reports. Reviews should be performed by independent persons and should be evidenced by the signature or initials of the reviewer and the date of the review.

Response – We will continue to review and implement procedures to improve segregation of duties as much as possible with limited staff. The City will utilize the Mayor, City Council members and City Treasurer to aid in segregation of duties when possible.

Conclusion – Response accepted.

2024-002 Segregation of Duties – Bedford Fire Fighter's Association

Criteria – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check on those of another.

Condition – For the Bedford Fire Fighter's Association, the responsibilities for collection, deposit preparation, cash disbursement and bank reconciliation functions are not properly segregated.

Cause – The Bedford Fire Fighter's Association have a limited number of members and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the Association's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by members in the normal course of performing their assigned functions.

Recommendation – We realize segregation of duties is difficult with a limited number of members. However, the Association should review their operating procedures to obtain the maximum internal control possible under the circumstances utilizing currently available members.

Response – The Fire Fighter's Association has made efforts to separate the secretary and treasurer positions and is having staff at City Hall verify the monthly bank reconciliation to the account records. We will continue to make every effort to apply as many checks and balances as possible given the limitations of a small, volunteer department.

Conclusion – Response accepted.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCE OF NONCOMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

No material weaknesses in internal controls over compliance were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

2024-A Certified Budget – Disbursements during the year ended June 30, 2024 did not exceed the amounts budgeted.

2024-B Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

2024-C Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

2024-D Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
JoEllen Dougherty, Deputy Clerk, Mother of Owner of TC Fabrication	Supplies and repairs	$ 1,148
Tanner Peterman, Council Member and Kevin Worl, Public Works Director, son and son-in-law, respectively to Randy Peterman	Cemetery mowing	8,000

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with TC Fabrication do not appear to represent conflicts of interest since total transactions were less than $6,000 during the fiscal year.

In accordance with Chapter 362.5(3)(e) of the Code of Iowa, the transactions with Randy Peterman do not appear to represent conflicts of interest since employees are not directly affected as a result of the transactions and their duties of employment do not directly involve procurement or preparation of any part of the transactions, as he was hired by the Cemetery Board.

2024-E Restricted Donor Activity – No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

2024-F 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.

2024-G City Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.

2024-H 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.

2024-I Revenue Notes – No instances of noncompliance with the revenue note resolutions were noted.

2024-J Financial Position – The Special Revenue, Economic Development and Housing Rehab Funds had deficit balances of $14,461 and $1,270, respectively, at June 30, 2024.

Recommendation – The City should investigate alternatives to eliminate these deficits to return these funds to a sound financial position.

Response – The Special Revenue, Economic Development Fund and Special Revenue, Housing Rehab Fund were both used for reimbursable grant projects. Disbursements for these projects caused the negative balances while awaiting reimbursement from the Iowa Economic Development Authority, which was received by the City in July and August 2024 and thereby cleared the negative balances. The City makes every effort to avoid closing the fiscal year with deficit balances.

Conclusion – Response accepted.

City of Bedford

Staff

This audit was performed by:

Pamela J. Bormann, CPA, Deputy
Karen L. Brustkern, CPA, Manager
Laurel P. Hoogensen, Senior Auditor
Jon G. Hanson, Senior Auditor
Allison L. Carlon, Staff Auditor