

BEDFORD PUBLIC SCHOOLS
Temperance, Michigan

ANNUAL FINANCIAL REPORT

June 30, 2014

Bedford Public Schools

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June 30, 2014

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Independent Auditor's Report

Board of Education
Bedford Public Schools
Temperance, Michigan 48182

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bedford Public Schools, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bedford Public Schools as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7 through 14 and 39 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

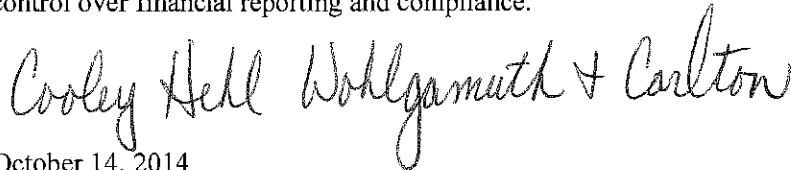
Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bedford Public Schools' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2014, on our consideration of the Bedford Public School'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 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 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 Bedford Public School's internal control over financial reporting and compliance.



October 14, 2014



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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*

Board of Education
Bedford Public Schools
Temperance, Michigan 48182

We have audited, in accordance with the 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, each major fund, and the aggregate remaining fund information of Bedford Public Schools, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 14, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bedford Public School's internal control over financial reporting to determine the 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 Bedford Public Schools internal control. Accordingly, we do not express an opinion on the effectiveness of Bedford Public School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency.

We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2014-1 to be significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bedford Public Schools' 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 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2014-1.

Bedford Public Schools' Response to Findings

Bedford Public Schools' responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Bedford Public Schools' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



October 14, 2014



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**Independent Auditor's Report on Compliance for
Each Major Program and on Internal Control
Over Compliance required by OMB Circular A-133**

Board of Education
Bedford Public Schools
Temperance, Michigan 48182

Report on Compliance for Each Major Federal Program

We have audited Bedford Public Schools' compliance with the types of compliance requirements described in OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Bedford Public Schools' major federal programs for the year ended June 30, 2014. Bedford Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Bedford Public Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bedford Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Bedford Public Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Bedford Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

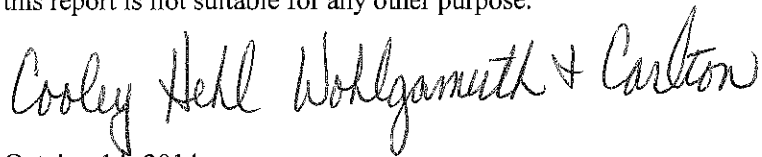
Report on Internal Control Over Compliance

Management of Bedford Public Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bedford Public Schools' internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bedford Public Schools' 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 combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



October 14, 2014

BEDFORD PUBLIC SCHOOLS

Management's Discussion and Analysis Year Ended June 30, 2014

The Management's Discussion and Analysis, a requirement of Governmental Accounting Standards Board (GASB) Statement 34, is intended to be the Bedford Public School Administration's discussion and analysis of the financial results for the year ended June 30, 2014. Generally accepted accounting principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: Government-wide Financial Statements and Fund Financial Statements.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Bedford Public Schools (the School) financially as a whole. The *Government-wide Financial Statements* provide information about the activities of the whole school district, presenting both an aggregate view of the School's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the School's operations in more detail than the government-wide financial statements by providing information about the School's most significant funds – the General Fund, the Technology Fund, and the Capital Maintenance Fund with all other funds presented in one column as nonmajor funds. The remaining statement, the Statement of Fiduciary Net Position presents financial information about activities for which the School acts solely as an agent for the benefit of students and parents.

Management's Discussion & Analysis (MD&A) (Required Supplemental Information)

Basic Financial Statements

Government-wide Financial Statements Fund Financial Statements

Notes to the Basic Financial Statements

*(Required Supplemental Information)
Budgetary Information for Major Funds*

Reporting the School as a Whole - Government-wide Financial Statements

One of the most important questions asked about the School is, "Is the School as a whole better off or worse off financially as a result of the year's activities?" The Statement of Net Position and the Statement of Activities, which appear first in the School's financial statements, report information on the School as a whole and its activities in a way that helps you answer this question. We prepare these statements to include *all* assets and liabilities, using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School's *net position* - the difference between assets and liabilities, as reported in the Statement of Net Position - as one way to measure the School's financial health, or *financial position*. Over time, *increases or decreases* in the School's net position - as reported in the Statement of Activities - are one indicator of whether its *financial health* is improving or deteriorating. The relationship between revenues and expenses is the School's *operating results*. However, the School's goal is to provide services to our students, not to generate profits as commercial entities do.

BEDFORD PUBLIC SCHOOLS

Management's Discussion and Analysis
Year Ended June 30, 2014

Reporting the School as a Whole - Government-wide Financial Statements – Concluded

One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools to assess the *overall health* of the School.

The Statement of Net Position and Statement of Activities report the governmental activities for the School, which encompass all of the School's services, including instruction, support services, community services, food services, and athletics. Property taxes, foundation allowance revenue, and state and federal grants finance most of these activities.

Reporting the School's Most Significant Funds – Fund Financial Statements

The School's fund financial statements provide detailed information about the most *significant funds* - not the School as a whole. Some funds are required to be established by State law and by bond covenants. However, the School establishes many other funds to help it control and manage money for particular purposes (like the Senior Center Fund) or to show that it's meeting legal responsibilities for using certain taxes, grants, and other money (like property taxes the School receives from the township for debt service payments). The governmental funds of the School use the following accounting approach:

Governmental funds - All of the School's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the operations of the School and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation.

The School as Trustee - Reporting the School's Fiduciary Responsibilities

The School is the trustee, or *fiduciary* for the student activity funds. All of the School's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the School's other financial statements because the School cannot use these assets to finance operations. The School is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

BEDFORD PUBLIC SCHOOLS

Management's Discussion and Analysis
Year Ended June 30, 2014

District-Wide Financial Analysis

Recall that the Statement of Net Position provides the perspective of the School as a whole. Table 1 provides a comparative analysis of the School's net position as of June 30:

Table 1:

	Governmental Activities	
	2014	2013
Current and other assets	\$ 15.9	\$ 14.7
Capital assets	20.9	21.5
Total assets	36.8	36.2
Current and other liabilities	14.3	15.7
Long-term liabilities	1.1	1.2
Total liabilities	15.4	16.9
Net position		
Net investment in capital assets	20.8	19.5
Restricted	0.7	0.8
Unrestricted	(0.1)	(0.9)
Total net position	\$ 21.4	\$ 19.4

Our analysis above focuses on the net position (Table 1). The change in net position (Table 2) of the School's governmental activities is discussed below. The School's net position was \$21.4 million at June 30, 2014. Of this amount, \$0.7 million was restricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School's ability to use the net position for day-to-day operations. Net investment in capital assets total \$20.8 million compares the original cost, less depreciation of the School's capital assets to long-term debt, including accrued interest on capital appreciation bonds, used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due.

The \$(0.1) million in unrestricted net position of governmental activities represents the *accumulated* shortfall resulting from all past years' operations. We will need to closely monitor our expenditures in the future and adhere strictly to the budget to reduce this amount.

The results of this year's operations for the School as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net a for fiscal year 2014 and a comparative analysis with the previous year's activity.

BEDFORD PUBLIC SCHOOLS

*Management's Discussion and Analysis
Year Ended June 30, 2014*

District-Wide Financial Analysis - Concluded

Table 2:

**Condensed Statement of Activities
Year Ended June 30
(in millions)**

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Revenues		
Program revenues:		
Charges for services	\$ 1.8	\$ 2.0
Federal grants	1.2	1.4
State grants and local entitlements	5.3	4.7
General Revenues:		
Property taxes	6.7	6.8
State foundation allowance	29.4	29.1
Other general revenues	0.3	0.3
Total revenues	<u>44.7</u>	<u>44.3</u>
 Functions/Program Expenses		
Instruction:	24.3	24.3
Support services:	13.8	13.6
Community services	1.3	1.5
Athletics	0.8	0.7
Food service	1.3	1.4
Debt interest	0.2	0.2
Depreciation	0.9	0.9
Total expenses	<u>42.6</u>	<u>42.6</u>
 Increase (decrease) in net position	 <u>\$ 2.1</u>	 <u>\$ 1.7</u>

As reported in the Statement of Activities, the cost of all of our *governmental* activities this year was \$42.6 million. However, the amount that our taxpayers ultimately financed for these activities through property taxes and local revenues was only \$36.4 million because approximately \$1.8 million of the cost was paid by those who benefited from the programs and approximately \$6.5 million was paid by other governments and organizations who subsidized certain programs with grants and contributions. We paid for the remaining "public benefit" portion of our governmental activities with \$6.7 million in taxes, \$29.4 million in State Foundation Allowance, and \$0.3 million in other revenues, like interest and general entitlements.

BEDFORD PUBLIC SCHOOLS

*Management's Discussion and Analysis
Year Ended June 30, 2014*

Fund Financial Analysis

As noted earlier, the School uses funds to help control and manage money for particular purposes. Looking at funds helps the reader consider whether Bedford Public Schools is being held accountable for the resources taxpayers and others provide to it and may give more insight into the School's overall financial health.

As the School completed this year, the governmental funds reported a combined fund balance of \$1,650,737 which is an increase of \$772,244 from last year. The changes by major and nonmajor funds are as follows:

	<u>General</u>	<u>Technology Enhancement</u>	<u>Capital Maintenance</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Fund balances- Beginning of year	(\$189,632)	\$137,358	\$116,009	\$814,758	\$878,493
Increase (decrease)	<u>898,090</u>	<u>(60,680)</u>	<u>(53,500)</u>	<u>(11,666)</u>	<u>772,244</u>
Fund balances- End of year	<u>\$708,458</u>	<u>\$76,678</u>	<u>\$62,509</u>	<u>\$803,092</u>	<u>\$1,650,737</u>

The School's General Fund balance increase is due to many factors. The tables that follow assist in illustrating the financial activities of the General Fund.

Table 3:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percent Change</u>
Revenues			
Local sources	\$3,822,865	\$3,786,893	1.0%
State sources	32,877,652	32,042,883	2.6%
Federal sources	598,366	765,501	(21.8)%
Interdistrict and other sources	1,378,495	1,365,666	0.9%
Transfers in	<u>45,774</u>	<u>156,050</u>	(70.7)%
Total Revenues	<u>\$38,723,152</u>	<u>\$38,116,993</u>	1.6%

BEDFORD PUBLIC SCHOOLS

*Management's Discussion and Analysis
Year Ended June 30, 2014*

Fund Financial Analysis – Concluded

Table 4:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percent Change</u>
Expenditures			
Instruction	\$24,257,569	\$24,316,286	(0.2)%
Support services	13,217,636	13,132,162	0.7%
Interdistrict and other uses	350	0	100.0%
Debt service	349,507	231,276	51.1%
	<u>\$37,825,062</u>	<u>\$37,679,724</u>	0.4%

General Fund Budgetary Highlights

Over the course of the year, the School revises the budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was actually adopted just before year-end.

There were minor revisions made to the 2013-2014 General Fund original budget. Budgeted revenues and transfers in were decreased \$0.5 million due to changes in revenue from local sources and transfers in.

Budgeted expenditures and transfers out were amended based on mid-year adjustments to operations, debt service, and transfers out, for a variance in budgeted expenditures of \$39,019. See the Budgetary Comparison Schedule for original and final budget numbers.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2014, the School had \$45.2 million invested in a broad range of capital assets, including land, land improvements, buildings, equipment, and vehicles. This amount includes additions of \$307,951 in capital assets. The additions consisted of a boiler, water heater, and flooring projects. The district had a disposal of \$63,209 for printing equipment and a disposal of \$183,805 for three buses.

We present more detailed information about our capital assets in Note 6 to the financial statements. Table 5 below provides a summary of capital assets at June 30, 2014.

BEDFORD PUBLIC SCHOOLS

Management's Discussion and Analysis
Year Ended June 30, 2014

Capital Asset and Debt Administration - Concluded

Table 5:

	Capital Assets at Year-end	
	June 30	
	2014	2013
Land and land improvements	\$ 1,197,168	\$ 1,197,168
Buildings and building improvements	39,011,610	38,713,962
Machinery and equipment	975,318	1,038,527
Vehicles	4,050,900	4,224,402
Total Capital Assets	45,234,996	45,174,059
Less: Accumulated Depreciation	(24,294,380)	(23,681,808)
Net Capital Assets	<u>\$ 20,940,616</u>	<u>\$ 21,492,251</u>

Debt Administration

At the end of this year, the School paid off the general obligation bonds.

The School had \$128,580 in notes payable versus \$273,520 last year. Other obligations include accrued vacation pay and sick leave. We present more detailed information about our long-term liabilities in Note 11 to the financial statements.

The School had \$9.5 million in state aid anticipation notes payable versus \$9.0 million last year. See Note 13 for more details regarding short-term debt activity.

Development of the 2014-2015 Fiscal Year Budget

Our elected officials and administration consider many factors when setting the School's 2014-2015 fiscal year (FY-15) budget and tax rates. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The FY-15 budget was adopted in June 2014, based on an estimate of students that will be enrolled in September 2014. Nearly 80% of total revenue is from the foundation allowance. Our federal funding is tied to the number of federally connected students as well. We anticipate that the fall student count will decline again in FY-15.

We have projected to match our expenditures to our revenues for the 2014-2015 fiscal year to prevent a deficit. Since the School's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts.

BEDFORD PUBLIC SCHOOLS

Management's Discussion and Analysis
Year Ended June 30, 2014

Contacting the School's Financial Management

This financial report is designed to provide the School's citizens, taxpayers, customers, investors, and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, 1623 West Sterns Road, Temperance, Michigan, 48182.

BEDFORD PUBLIC SCHOOLS*Statement of Net Position
June 30, 2014*

	Governmental Activities
Assets	
Cash and cash equivalents	\$9,457,675
Accounts/taxes receivable	206,413
Due from other governmental units	6,196,817
Prepaid expenses	12,693
Inventories	43,391
Capital assets, net	20,940,616
Total Assets	36,857,605
Liabilities	
Accounts payable	979,701
Accrued wages and benefits	3,139,311
Other payables	21,393
Accrued interest payable	100,393
Unearned revenue	210,704
Notes payable	9,500,000
Due to other governmental units	314,750
Long-term liabilities:	
Due within one year	24,940
Due in more than one year	1,105,654
Total Liabilities	15,396,846
Net Position	
Net investment in capital assets	20,812,036
Restricted for:	
Capital projects	535,751
Debt service	134,205
Technology millage	76,678
Unrestricted net position	(97,911)
Total Net Position	\$21,460,759

See accompanying notes to the basic financial statements.

BEDFORD PUBLIC SCHOOLS

*Governmental Funds
Balance Sheet
June 30, 2014*

	General	Technology Enhancement
Assets		
Cash and cash equivalents	\$8,392,444	\$132,024
Receivables:		
Accounts	146,934	6,670
Due from other governmental units	6,153,210	0
Prepaid expenditures	11,923	770
Inventories	21,364	0
Total Assets	\$14,725,875	\$139,464
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$842,951	\$49,803
Accrued wages and benefits	3,072,260	12,983
Other payables	21,393	0
Accrued interest payable	100,393	0
Notes payable	9,500,000	0
Due to other governmental units	314,750	0
Unearned revenue	165,670	0
Total Liabilities	14,017,417	62,786
Fund Balances		
Nonspendable:		
Prepaid expenditures	11,923	770
Inventory	21,364	0
Restricted for:		
Technology enhancement	0	75,908
Food service	0	0
Community service	0	0
Debt service	0	0
Capital projects	0	0
Assigned to:		
Capital projects	0	0
Unassigned	675,171	0
Total Fund Balances	708,458	76,678
Total Liabilities and Fund Balances	\$14,725,875	\$139,464

See accompanying notes to the basic financial statements.

Capital Maintenance	Other Nonmajor Governmental Funds	Totals
\$62,509	\$870,698	\$9,457,675
0	52,809	206,413
0	43,607	6,196,817
0	0	12,693
0	22,027	43,391
<u>\$62,509</u>	<u>\$989,141</u>	<u>\$15,916,989</u>
\$0	\$86,947	\$979,701
0	54,068	3,139,311
0	0	21,393
0	0	100,393
0	0	9,500,000
0	0	314,750
0	45,034	210,704
0	186,049	14,266,252
0	0	12,693
0	22,027	43,391
0	0	75,908
0	8,104	8,104
0	165,514	165,514
0	134,205	134,205
0	473,242	473,242
62,509	0	62,509
0	0	675,171
<u>62,509</u>	<u>803,092</u>	<u>1,650,737</u>
<u>\$62,509</u>	<u>\$989,141</u>	<u>\$15,916,989</u>

BEDFORD PUBLIC SCHOOLS

*Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
Year Ended June 30, 2014*

Total Fund Balances - Governmental Funds		\$1,650,737
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
Cost of the capital assets	45,234,996	
Accumulated depreciation	<u>(24,294,380)</u>	
		20,940,616
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
Other notes	(128,580)	
Compensated absences	<u>(1,002,014)</u>	
		<u>(1,130,594)</u>
Total Net Position - Governmental Activities		<u><u>\$21,460,759</u></u>

See accompanying notes to the basic financial statements.

BEDFORD PUBLIC SCHOOLS

*Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2014*

	<u>General</u>	<u>Technology Enhancement</u>
Revenues		
Local sources	\$3,822,865	\$1,186,825
State sources	32,877,652	0
Federal sources	598,366	0
Interdistrict and other sources	<u>1,378,495</u>	<u>0</u>
Total Revenues	38,677,378	1,186,825
Expenditures		
Current:		
Instruction	24,257,569	0
Support services	12,460,891	1,247,505
Food service	0	0
Athletics	756,745	0
Community services	0	0
Interdistrict and other uses	350	0
Debt Service:		
Principal retirement	144,940	0
Interest and fiscal charges	204,567	0
Other	<u>0</u>	<u>0</u>
Total Expenditures	<u>37,825,062</u>	<u>1,247,505</u>
Excess (Deficiency) of Revenues Over Expenditures	852,316	(60,680)
Other Financing Sources (Uses)		
Operating transfers in	45,774	0
Operating transfers out	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>45,774</u>	<u>0</u>
Net Change in Fund Balances	898,090	(60,680)
Fund Balances - Beginning of year	<u>(189,632)</u>	<u>137,358</u>
Fund Balances - End of year	<u><u>\$708,458</u></u>	<u><u>\$76,678</u></u>

See accompanying notes to the basic financial statements.

Capital Maintenance	Other Nonmajor Governmental Funds	Totals
\$175	\$4,065,317	\$9,075,182
0	127,312	33,004,964
0	651,447	1,249,813
0	0	1,378,495
175	4,844,076	44,708,454
0	0	24,257,569
53,675	395,157	14,157,228
0	1,276,988	1,276,988
0	0	756,745
0	1,340,756	1,340,756
0	0	350
0	1,710,000	1,854,940
0	85,488	290,055
0	1,579	1,579
53,675	4,809,968	43,936,210
(53,500)	34,108	772,244
0	0	45,774
0	(45,774)	(45,774)
0	(45,774)	0
(53,500)	(11,666)	772,244
116,009	814,758	878,493
\$62,509	\$803,092	\$1,650,737

BEDFORD PUBLIC SCHOOLS

*Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2014*

Total Net Change in Fund Balances - Governmental Funds		\$772,244
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:		
Depreciation expense	(\$859,586)	
Capital outlay	307,951	
	<hr/>	(551,635)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		1,854,940
Accrued interest is recorded in the statement of activities when incurred; it is not reported in the governmental funds until paid.		20,241
Decreases in the liabilities for compensated absences pay are reported as an expenditure in the statement of activities, but not in the governmental funds:		3,414
		<hr/>
Change in Net Position of Governmental Activities		\$2,099,204
		<hr/>

See accompanying notes to the basic financial statements.

BEDFORD PUBLIC SCHOOLS

Fiduciary Fund
Statement of Fiduciary Net Position
June 30, 2014

	<u>Agency Fund</u> <u>Student Activities</u>
Assets	
Cash and cash equivalents	<u><u>\$646,920</u></u>
Liabilities	
Due to students	<u><u>\$646,920</u></u>

See accompanying notes to the basic financial statements.

BEDFORD PUBLIC SCHOOLS

*Notes to the Financial Statements
Year Ended June 30, 2014*

Note 1 - Description of the School District and Reporting Entity

Bedford Public Schools (the "School") is organized under Article I, Section 380.11 of Act 451 of the Revised School Code in the State of Michigan. The School operates under a locally-elected Board form of government consisting of seven members elected at-large for staggered four year terms. The School provides educational services as authorized by state statute and/or federal guidelines.

The School was established in 1946. The School serves an area of approximately thirty-nine square miles. It is located in Monroe County and includes all of Bedford Township, portions of Erie and Whiteford Townships.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School consists of all funds, departments, boards, and agencies that are not legally separate from the School. For Bedford Public Schools, this includes general operations, food service, community services, and student-related activities of the School.

Component units are legally separate organizations for which the School is financially accountable. The School is financially accountable for an organization if the School appoints a voting majority of the organization's governing board and (1) the School is able to significantly influence the programs or services performed or provided by the organization; or (2) the School is legally entitled to or can otherwise access the organization's resources; the School is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School in that the School approves the budget, the issuance of debt, or the levying of taxes. There are no component units of the Bedford Public Schools.

Note 2 - Summary of Significant Accounting Policies

The financial statements of Bedford Public Schools have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the School's accounting policies.

A. Basis of Presentation

The School's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the School as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School that are governmental and those that are considered business-type activities. There are no business-type activities considered at Bedford Public Schools.

BEDFORD PUBLIC SCHOOLS

*Notes to the Financial Statements
Year Ended June 30, 2014*

Note 2 - Summary of Significant Accounting Policies (continued)

Government-wide Financial Statements (concluded)

The statement of net position presents the financial condition of the governmental activities of the School at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund Financial Statements

During the year, the School segregates transactions related to certain School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The School uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of governmental entities are grouped into the categories governmental, proprietary, and fiduciary. The School has the governmental and fiduciary categories for its funds.

Governmental Funds

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The School has three major governmental funds:

General Fund - The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund is available to the School for any purpose provided it is expended or transferred according to the general laws of Michigan.

Technology Millage Fund - The Technology Millage Fund is used to account for the special county-wide tax millage specifically collected for technology expenditures.

Capital Maintenance Fund - The Capital Maintenance Fund is used for the tracking of maintenance expenditures on the School's capital assets and smaller improvement projects.

The other governmental funds of the School account for food service, community services, sinking fund millage, and debt service.

BEDFORD PUBLIC SCHOOLS

*Notes to the Financial Statements
Year Ended June 30, 2014*

Note 2 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School are included on the Statement of Net Position.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction that can be determined, and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School, available means expected to be received within 60 days of fiscal year end.

Nonexchange transactions, in which the School receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at the fiscal year end: unrestricted state aid, grants, investment earnings, tuition, and student fees.

BEDFORD PUBLIC SCHOOLS

*Notes to the Financial Statements
Year Ended June 30, 2014*

Note 2 - Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unearned revenue.

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan; the School District is allowed to invest in U.S. Treasury of Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

G. Inventory

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. United States Department of Agriculture Commodities inventory received by the Food Service Fund are recorded as expenditures when received.

BEDFORD PUBLIC SCHOOLS

*Notes to the Financial Statements
Year Ended June 30, 2014*

Note 2 - Summary of Significant Accounting Policies (continued)

H. Capital Assets

General capital assets are those assets related to the general activities and expenditures reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The School maintains a capitalization threshold of \$5,000. The School does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvement	20 years
Buildings and Buildings Improvements	50 years
Machinery and Equipment	5 – 20 years
Vehicles	8 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/due from." These amounts are eliminated in the governmental activities column of the statement of net position.

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School will compensate the employees for the benefits through paid time off or some other means. The School records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School's termination policy. The School records a liability for accumulated unused sick leave for all employees.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

BEDFORD PUBLIC SCHOOLS

*Notes to the Financial Statements
Year Ended June 30, 2014*

Note 2 - Summary of Significant Accounting Policies (continued)

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Payments of long-term loans are recognized as an expenditure on the governmental fund financial statements when due.

L. Net Position

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. The components of net position are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net position is unrestricted when other net position does not meet the definition of net investment in capital assets or is restricted and is available for general use. Restricted resources should be used first, followed by unrestricted amounts.

M. Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

N. Fund Balance Non-Spendable, Restricted, Committed, Assigned, and Unassigned

The fund balance is categorized as non-spendable, restricted, committed, assigned, or unassigned based on the relative strength of the spending constraints. The School Board has the authority to place funds under the committed and assigned categories. Restricted resources should be used first, followed by committed funds, assigned amounts, and then unassigned amounts. The School Board desired to maintain a minimum unassigned fund balance in the General Fund ranging from 10% to 15% of the subsequent year's budgeted expenditures.

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

BEDFORD PUBLIC SCHOOLS

*Notes to the Financial Statements
Year Ended June 30, 2014*

Note 2 - Summary of Significant Accounting Policies (continued)

P. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the School and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2014.

R. Budgetary Data

The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and all Special Revenue Funds are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

The School follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

- 1) Prior to June 30, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.
- 2) A public hearing is conducted during June to obtain taxpayer comments.
- 3) Prior to June 30, the budget is legally enacted through passage of a resolution.
- 4) For purposes of meeting emergency needs of the School, transfer of appropriations may be made by the authorization of the Superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.
- 5) The Superintendent is charged with general supervision of the budget and shall hold the department heads responsible for performance of their responsibilities.
- 6) During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

Lapsing of Appropriations - At the close of each year all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriation.

S. Restricted Assets

The cash and investments for capital projects, debt service, and technology enhancement are restricted for the specific purposes. Restricted assets on the statement of net position and the governmental fund balance sheet represent the cash that can only be used for the purpose for which the revenue was received.

BEDFORD PUBLIC SCHOOLS

*Notes to the Financial Statements
Year Ended June 30, 2014*

Note 2 - Summary of Significant Accounting Policies (concluded)

T. Subsequent Events

The School District’s management evaluated subsequent events from June 30, 2014 through October 14, 2014, the date the financial statements were available to be issued.

Note 3 – Stewardship, Accountability and Compliance

P.A. 621 of 1978, Section 18 (1), as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated. Annual budgets are adopted on a basis that is consistent with generally accepted accounting principles and State Law for the General and Special Revenue Funds.

In the required supplemental information, the School's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis, which is the adopted legal level of control.

During the year ended June 30, 2014, the School incurred expenditures in certain budgetary functions which were in excess of the amounts appropriated.

For the year ended June 30, 2014, expenditures exceeded final budgeted amounts in the following funds:

	Final Budget	Actual Expenditures	Variance
RSVP Fund	\$145,385	\$159,261	(\$13,876)
2005 Refunding School Bond Debt Service Fund	1,796,942	1,797,067	(125)

Note 4 - Deposits and Investments

Interest rate risk. In accordance with its investment policy, the School will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School’s cash requirements.

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2014, the School did not invest in instruments that require rating.

Concentration of credit risk. The School will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the School’s investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the School District’s deposits may not be returned to the School District. The School District has \$10,692,447 invested in certificates of deposit, checking accounts, and money markets. The School District’s deposits are insured by the FDIC in the amount of \$1,083,247. Uninsured deposits are \$9,609,200.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the School will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School did not have outstanding investments of this nature at June 30, 2014.

BEDFORD PUBLIC SCHOOLS

*Notes to the Financial Statements
Year Ended June 30, 2014*

Note 4 - Deposits and Investments (concluded)

The School will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the School will do business.

Foreign currency risk. The School is not authorized to invest in investments which have this type of risk.

Note 5 - Property Taxes

Property taxes are recorded as revenue when levied by the various governmental units that collect the School's taxes. The School's fiscal year 2014 property taxes were levied on December 1, 2013 on assessed valuations as of December 1, 2012. Taxable values are based on a percentage of the fair market value of the assessed property. The following is a summary of the 2013 property tax data:

	<u>Taxable Values</u>	<u>Mills Levied</u>	<u>Taxes Levied</u>
General Fund:			
Non-Primary Residence Exemption	\$182,209,824	18.0000	\$3,279,777
Commercial Personal Property	13,192,034	6.0000	79,152
Sinking Fund	974,408,485	0.5000	487,204
Debt Fund	974,408,485	1.8200	<u>1,773,423</u>
			<u>\$5,619,556</u>

BEDFORD PUBLIC SCHOOLS

*Notes to the Financial Statements
Year Ended June 30, 2014*

Note 6 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	<u>Balance at July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2014</u>
Governmental Activities				
Land and land improvements	\$1,197,168	\$0	\$0	\$1,197,168
Buildings and buildings improvements	38,713,962	297,648	0	39,011,610
Machinery and equipment	1,038,527	0	63,209	975,318
Vehicles	4,224,402	10,303	183,805	4,050,900
Total capital assets	<u>45,174,059</u>	<u>307,951</u>	<u>247,014</u>	<u>45,234,996</u>
Less accumulated depreciation:				
Land improvements	(1,156,472)	(10,052)	0	(1,166,524)
Buildings and buildings improvements	(17,572,128)	(655,057)	0	(18,227,185)
Machinery and equipment	(930,367)	(22,789)	(63,209)	(889,947)
Vehicles	(4,022,841)	(171,688)	(183,805)	(4,010,724)
Total accumulated depreciation	<u>(23,681,808)</u>	<u>(859,586)</u>	<u>(247,014)</u>	<u>(24,294,380)</u>
Net capital assets	<u>\$21,492,251</u>	<u>(\$551,635)</u>	<u>\$0</u>	<u>\$20,940,616</u>

Depreciation expense was charged to governmental functions as an unallocated expense.

Note 7 - Interfund Assets, Liabilities and Transfers

Interfund transfers for the year ended June 30, 2014 consisted of the following:

	<u>Transfer From</u>			
<u>Transfer To</u>	<u>RSVP</u>	<u>Recreation</u>	<u>Latchkey</u>	<u>TOTAL</u>
General	\$19,115	\$5,818	\$20,841	\$45,774
Summer Latchkey	0	0	11,234	11,234
	<u>\$19,115</u>	<u>\$5,818</u>	<u>\$32,075</u>	<u>\$57,008</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, and (2) to move monies collected in a program that is supported administratively by another program as a support fee.

BEDFORD PUBLIC SCHOOLS

*Notes to the Financial Statements
Year Ended June 30, 2014*

Note 8 - Risk Management and Insurance Pool

The School is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (worker’s compensation), as well as medical benefits provided to employees. The School has purchased commercial insurance for medical claims and participates in the SET-SEG risk pool for claims relating to worker’s compensation, general liability, and property/casualty claims.

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from last year.

The SET-SEG shared-risk pool program in which the School participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

Note 9 - Defined Benefit Pension Plans and Postemployment Benefits

A. Plan Description

The School participates in the Michigan Public School Employees’ Retirement System (MPSERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School. The MPSERS provides retirement, survivor and disability benefits to plan members and their beneficiaries. The MPSERS issues a publicly available financial report that includes financial statements and required supplementary information for the MPSERS. That report may be obtained by writing to the MPSERS at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909-7671 or online at www.michigan.gov/documents/orsschools/CAFR.

B. Funding Policy

Employer contributions to the MPSERS result from the effects of implementing the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. For the period from July 1, 2013 through September 30, 2013, employees could transition to a defined contribution plan (DC) and could also elect out of the healthcare premium subsidy and into the Personal Healthcare Fund (PHF) depending upon their date of hire and retirement plan election. Employees had the following plan options with the corresponding employer contribution rates:

	Basic MIP	Pension Plus	Pension Plus PHF	Pension Plus PHF	DB to DC with DB Health	Basic MIP DB to DC with PHF	Basic MIP with PHF
Pension contributions	15.21%	15.02%	15.02%	12.78%	12.78%	12.78%	15.21%
Health contributions	9.11%	9.11%	8.18%	8.18%	9.11%	8.18%	8.18%
Defined contribution plan employer contributions:							
DC employer contributions	0.00%	1.00%	1.00%	3.00%	4.00%	4.00%	0.00%
Personal Healthcare Fund	0.00%	0.00%	2.00%	2.00%	0.00%	2.00%	2.00%

BEDFORD PUBLIC SCHOOLS

*Notes to the Financial Statements
Year Ended June 30, 2014*

Note 9 - Defined Benefit Pension Plans and Postemployment Benefits (Concluded)

For the period from October 1, 2013 through June 30, 2014, employees could transition to a defined contribution plan (DC) and could also elect out of the healthcare premium subsidy and into the Personal Healthcare Fund (PHF) depending upon their date of hire and retirement plan election. Employees had the following plan options with the corresponding employer contribution rates:

	Basic MIP	Pension Plus	Pension Plus PHF	Pension Plus to DC with PHF	Basic MIP DB to DC with DB Health	Basic MIP DB to DC with PHF	Basic MIP with PHF
Pension contributions	18.34%	18.11%	18.11%	15.44%	15.44%	15.44%	18.34%
Health contributions	6.45%	6.45%	5.52%	5.52%	6.45%	5.52%	5.52%
Defined contribution plan employer contributions:							
DC employer contributions	0.00%	1.00%	1.00%	3.00%	4.00%	4.00%	0.00%
Personal Healthcare Fund	0.00%	0.00%	2.00%	2.00%	0.00%	2.00%	2.00%

Depending on the plan selected, plan member contributions range from 0% up to 7.0% of gross wages. Plan members electing into the defined contribution plan are not required to make additional contributions.

The School's required and actual contributions to the MPSERS pension plan for the years ended June 30, 2014, 2013, and 2012 were \$6,614,780, \$6,066,385, and \$5,718,280, respectively.

C. Postemployment Benefits

Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage. Retirees electing continuing coverage contribute a monthly portion of the premium based on various factors specified by the retirement system for the health, dental, and vision coverage. Required contributions for postemployment health care benefits are included as part of the School's total contribution to the MPSERS pension plan discussed above.

Note 10 - Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn twelve to twenty-four days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment, in accordance with their contract. Teachers and certain classified employees do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at various rates based on their negotiated agreements. Sick leave may be accumulated for all employee groups without limitation. Upon retirement, payment is made based on the negotiated agreement, which limits the total amount of payouts.

B. Health Care Benefits

The School provides medical, dental, vision, and life insurance benefits to most employees through various providers. The premium varies by employee group depending on the terms of the union contract.

BEDFORD PUBLIC SCHOOLS

*Notes to the Financial Statements
Year Ended June 30, 2014*

Note 11 - Long-Term Debt and Other Obligations

Long-term debt and other long-term obligations of the School at June 30, 2014 were as follows:

	<u>Balance at July 1, 2013</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance at June 30, 2014</u>	<u>Amounts Due in One Year</u>
Governmental Activities:					
Bonds Payable:					
2005 School Refunding Bonds	\$1,710,000	0	\$1,710,000	\$0	\$0
Notes Payable:					
Bus Note - 36445	107,340	0	107,340	0	0
Stadium Note - 525509777	152,525	0	23,945	128,580	24,940
Stadium Concession Note - 525509826	13,655	0	13,655	0	0
	<u>273,520</u>	<u>0</u>	<u>144,940</u>	<u>128,580</u>	<u>24,940</u>
Other Liabilities:					
Compensated Absences Payable	1,005,428	0	3,414	1,002,014	0
Total Governmental Activities	<u>\$2,988,948</u>	<u>\$0</u>	<u>\$1,858,354</u>	<u>\$1,130,594</u>	<u>\$24,940</u>

Compensated absences payable represents vested benefits for unused vacation and sick pay under formulas and conditions specified in various employee contracts.

Long-term debt is comprised of the following individual bond issues and notes:

	<u>Balance June 30, 2014</u>
Notes Payable:	
Monroe Bank & Trust Stadium Note: Term note, was refinanced February 3, 2012, with principal amount and interest of \$2,500 monthly, interest at 4.25%, with the balance of principle and interest due February 3, 2017.	<u>\$128,580</u>

Annual principal and interest requirements to maturity for the above bond and note payable obligations are as follows:

<u>Year Ending June 30</u>	<u>Interest Requirements</u>	<u>Principal Requirements</u>	<u>Total Requirements</u>
2015	\$5,060	\$24,940	\$30,000
2016	3,975	26,025	30,000
2017	4,851	77,615	82,466
	<u>\$13,886</u>	<u>\$128,580</u>	<u>\$142,466</u>

BEDFORD PUBLIC SCHOOLS

*Notes to the Financial Statements
Year Ended June 30, 2014*

Note 12 - Contingencies

A. Grants

The School received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2014.

B. Litigation

There are currently no matters in litigation with the School as the defendant.

Note 13 – Short-Term Debt Activity

The School has various options for short-term financing including tax anticipation notes, state aid anticipation notes and lines of credit. The School entered into a short-term financing arrangement during the fiscal year ended June 30, 2014. This arrangement was for a state aid anticipation note, secured against the state aid fund allowance through the Michigan Finance Authority. Short-term debt activity for the year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
State aid anticipation note	<u>\$9,000,000</u>	<u>\$9,500,000</u>	<u>\$9,000,000</u>	<u>\$9,500,000</u>

The short-term financing was utilized for cash-flow purposes based on the timing of School District revenues through state aid allowances.

Note 14 – Enhancement Millage for Technology

Voters of Monroe County passed an enhancement millage based on the taxable value of all property in the Monroe County Intermediate School District. The technology millage was renewed on May 3, 2011, at 0.9866 mill for an additional five years, 2012 to 2016. The Intermediate School District will distribute the tax collections to the local public school districts based on pupil membership count. The tax millage received by the local school districts is used for technology enhancements and related expenses.

Note 15 – Governmental Regulation

Substantially all of the School’s facilities are subject to federal, state, and local provisions regulating the discharge of material into the environment. Compliance with these provisions has not had, nor does the School expect such compliance to have, any material effect upon the capital expenditures, net revenue in excess of expenditures or financial condition of the school district. Management believes that its current practices and procedures for the control and disposition of such wastes comply with applicable federal and state requirements.

Note 16 – Michigan Unemployment Tax

The School is liable to the State for unemployment claims against the School on a reimbursement basis. For the year ended June 30, 201, the School incurred claims of \$43,035.

BEDFORD PUBLIC SCHOOLS

*Notes to the Financial Statements
Year Ended June 30, 2014*

Note 17 – Capital Projects Fund

The Capital Maintenance Fund includes capital project activities funded with monies transferred from the General Fund. For these capital projects, the School has complied with the applicable provisions of MCL 388.1618.

Note 18 – Sinking Fund

The Sinking Fund records capital project activities funded with Sinking Fund millage. For this fund, the School has complied with the applicable provisions of §1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

BEDFORD PUBLIC SCHOOLS

*General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Local sources	\$4,439,216	\$3,858,356	\$3,822,865	(\$35,491)
State sources	32,547,859	32,994,697	32,877,652	(117,045)
Federal sources	682,062	789,420	598,366	(191,054)
Interdistrict and other sources	1,433,000	1,370,594	1,378,495	7,901
Total Revenues	39,102,137	39,013,067	38,677,378	(335,689)
Expenditures				
Current:				
Instruction	24,216,033	24,809,980	24,257,569	552,411
Support services	13,440,682	13,779,762	13,217,636	562,126
Interdistrict and other uses	0	350	350	0
Debt Service:				
Principal retirement	143,932	145,038	144,940	98
Interest and fiscal charges	587,095	104,080	204,567	(100,487)
Total Expenditures	38,387,742	38,839,210	37,825,062	1,014,148
Excess (Deficiency) of Revenues Over Expenditures	714,395	173,857	852,316	678,459
Other Financing Sources (Uses)				
Operating transfer in	545,500	61,555	45,774	(15,781)
Operating transfer out	(495,125)	(4,638)	0	4,638
Total Other Financing Sources (Uses)	50,375	56,917	45,774	(11,143)
Net Change in Fund Balances	764,770	230,774	898,090	667,316
Fund Balances - Beginning of year	(1,585,205)	(189,632)	(189,632)	0
Fund Balances - End of year	<u>(\$820,435)</u>	<u>\$41,142</u>	<u>\$708,458</u>	<u>\$667,316</u>

BEDFORD PUBLIC SCHOOLS

*General Fund
Schedule of Revenues-Budget and Actual
Year Ended June 30, 2014*

	Final Budget	Actual	Positive (Negative) Budget
Local Sources			
Property taxes	\$3,236,946	\$3,237,316	\$370
Local contributions	39,228	39,228	0
Rental income	88,870	88,870	0
Tuition	70,355	60,932	(9,423)
Earnings on investments	2,000	2,603	603
Athletics	292,725	292,819	94
Other local revenue	128,232	101,097	(27,135)
Total Local Sources	<u>3,858,356</u>	<u>3,822,865</u>	<u>(35,491)</u>
State Sources			
Unrestricted grants:			
Proposal A obligation	18,212,895	18,257,666	44,771
Discretionary payment	10,509,000	10,508,061	(939)
Best practices	241,000	254,580	13,580
Performance based	139,572	139,063	(509)
Foundation equity	232,050	232,066	16
Renaissance zone	17,595	17,596	1
Restricted grants:			
Adult education	18,113	21,617	3,504
Special education Headlee obligation	1,314,826	1,254,225	(60,601)
Headlee obligation for data collection	114,903	114,840	(63)
School readiness	186,000	176,920	(9,080)
At risk	375,635	267,888	(107,747)
MPSERS cost offset	309,213	308,910	(303)
MPSERS UAAL	1,142,900	1,142,965	65
Vocational education	2,600	2,643	43
Other state grants	82,930	83,146	216
Transfer from intermediate school district:			
Vocational education added costs	95,465	95,466	1
Total State Sources	<u>32,994,697</u>	<u>32,877,652</u>	<u>(117,045)</u>
Federal Sources			
Title I	448,583	314,495	(134,088)
Title II - improving teacher quality	211,752	170,909	(40,843)
Title III - limited english proficient	3,229	3,201	(28)
Federal adult education ABE instruction	59,000	53,908	(5,092)
Transfer from intermediate school district:			
Medicaid outreach program	10,400	0	(10,400)
McKinney-Vento homeless students' assistance	600	0	(600)
Perkins	55,856	55,853	(3)
Total Federal Sources	<u>789,420</u>	<u>598,366</u>	<u>(191,054)</u>
Interdistrict and Other Sources			
Section 74 transportation	0	10,253	10,253
Miscellaneous sources	25,650	23,298	(2,352)
Transfer from intermediate school district:			
County special education tax	1,344,944	1,344,944	0
Total Interdistrict and Other Sources	<u>1,370,594</u>	<u>1,378,495</u>	<u>7,901</u>
Total Revenues	<u>39,013,067</u>	<u>38,677,378</u>	<u>(335,689)</u>
Other Financing Sources			
Transfer in from other funds	61,555	45,774	(15,781)
Total Revenues and Other Financing Sources	<u>\$39,074,622</u>	<u>\$38,723,152</u>	<u>(\$351,470)</u>

BEDFORD PUBLIC SCHOOLS

*General Fund
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2014*

	Salaries	Employee Benefits	Purchased Services
Instruction			
Basic Programs:			
Elementary	\$5,387,494	\$3,329,544	\$166,022
Middle School	2,904,624	1,757,299	92,675
High School	3,795,154	2,247,712	101,682
Other basic programs	143,049	50,056	7,413
	<u>12,230,321</u>	<u>7,384,611</u>	<u>367,792</u>
Added Needs:			
Special education	1,577,705	838,314	40,761
Compensatory education	384,798	137,993	14,900
Vocational education	388,282	220,080	13,578
	<u>2,350,785</u>	<u>1,196,387</u>	<u>69,239</u>
Adult and Continuing Education:			
Basic	13,288	5,031	2,887
Secondary	6,238	2,050	495
Enrichment	17,159	12,275	33,510
	<u>36,685</u>	<u>19,356</u>	<u>36,892</u>
Other Instructional Services	<u>0</u>	<u>12,479</u>	<u>0</u>
Total Instruction	14,617,791	8,612,833	473,923
Support Services			
Pupil:			
Truancy/absenteeism	8,402	3,075	0
Guidance	420,317	253,851	0
Health	169,386	84,108	5,070
Speech	237,090	137,855	85,468
Other pupil services	78,587	35,351	133,063
	<u>913,782</u>	<u>514,240</u>	<u>223,601</u>
Instructional Staff:			
Improvement of instruction	20,567	8,266	169,155
Education media services	163,165	122,561	0
Instruction related technology		0	6,083
Supervision direction	11,982	3,900	412
Academic student achievement	0	0	1,046
Other instructional staff services	269,939	144,927	2,882
	<u>465,653</u>	<u>279,654</u>	<u>179,578</u>
General Administration:			
Board of Education	3,000	14	209,797
Executive administration	410,855	134,808	9,467
	<u>413,855</u>	<u>134,822</u>	<u>219,264</u>
School Administration:			
Office of the principal	1,483,907	894,065	4,115
Other school administration	0	0	0
	<u>1,483,907</u>	<u>894,065</u>	<u>4,115</u>
Business Administration:			
Fiscal services	248,228	137,412	4,783
Other business administration	0	0	27,930
	<u>248,228</u>	<u>137,412</u>	<u>32,713</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$178,903	\$0	\$0	\$9,061,963	\$8,922,236	(\$139,727)
49,674	0	109	4,804,381	4,885,354	80,973
55,503	0	144,036	6,344,087	6,456,974	112,887
19,384	0	0	219,902	285,164	65,262
303,464	0	144,145	20,430,333	20,549,728	119,395
6,347	0	0	2,463,127	2,559,637	96,510
6,406	0	0	544,097	786,626	242,529
80,547	0	283	702,770	777,493	74,723
93,300	0	283	3,709,994	4,123,756	413,762
2,599	0	0	23,805	22,868	(937)
0	0	0	8,783	11,431	2,648
5,366	1,050	65	72,175	94,197	22,022
7,965	1,050	65	104,763	128,496	23,733
0	0	0	12,479	8,000	(4,479)
404,729	1,050	144,493	24,257,569	24,809,980	552,411
0	0	0	11,477	11,476	(1)
200	0	0	674,368	675,646	1,278
4,049	0	0	262,613	267,140	4,527
0	0	0	460,413	482,625	22,212
0	0	12,873	259,874	267,807	7,933
4,249	0	12,873	1,668,745	1,704,694	35,949
30,081	0	829	228,898	259,407	30,509
13,558	0	0	299,284	334,188	34,904
0	0	0	6,083	6,801	718
0	0	9,891	26,185	27,275	1,090
0	0	0	1,046	2,250	1,204
6,396	0	214	424,358	449,754	25,396
50,035	0	10,934	985,854	1,079,675	93,821
0	0	7,685	220,496	232,721	12,225
2,564	0	16,262	573,956	643,475	69,519
2,564	0	23,947	794,452	876,196	81,744
5,932	0	4,970	2,392,989	2,467,243	74,254
0	0	1,377	1,377	2,327	950
5,932	0	6,347	2,394,366	2,469,570	75,204
1,171	0	16,607	408,201	456,538	48,337
0	0	0	27,930	28,000	70
1,171	0	16,607	436,131	484,538	48,407

BEDFORD PUBLIC SCHOOLS

*General Fund
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2014*

(Concluded)	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
Support Services			
Operation and maintenance	\$1,149,073	\$765,220	\$380,047
Pupil transportation	1,025,079	734,656	128,815
Central Services:			
Planning, research, development, and evaluation	8,050	2,872	0
Information services	0	0	17,352
Staff services	274,835	165,367	38,499
Other central services	0	0	122,712
	<u>282,885</u>	<u>168,239</u>	<u>178,563</u>
Athletics	401,461	187,633	95,711
Other support services	<u>0</u>	<u>0</u>	<u>0</u>
Total Support Services	6,383,923	3,815,941	1,442,407
Interdistrict Uses			
Other	0	0	350
Debt Service			
Principal retirement	0	0	0
Interest and fiscal charges	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Service	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	21,001,714	12,428,774	1,916,680
Other Financing Uses			
Fund Modifications:			
Transfer to other funds	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures and Other Financing Uses	<u>\$21,001,714</u>	<u>\$12,428,774</u>	<u>\$1,916,680</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$964,388	\$0	\$8,624	\$3,267,352	\$3,354,750	\$87,398
380,587	0	394	2,269,531	2,363,873	94,342
0	0	0	10,922	11,252	330
2,764	0	258	20,374	20,385	11
1,145	0	538	480,384	500,066	19,682
0	0	0	122,712	131,201	8,489
<u>3,909</u>	<u>0</u>	<u>796</u>	<u>634,392</u>	<u>662,904</u>	<u>28,512</u>
50,823	0	21,117	756,745	771,964	15,219
0	0	10,068	10,068	11,598	1,530
1,463,658	0	111,707	13,217,636	13,779,762	562,126
0	0	0	350	350	0
0	0	144,940	144,940	145,038	98
0	0	204,567	204,567	104,080	(100,487)
<u>0</u>	<u>0</u>	<u>349,507</u>	<u>349,507</u>	<u>249,118</u>	<u>(100,389)</u>
1,868,387	1,050	605,707	37,825,062	38,839,210	1,014,148
0	0	0	0	4,638	4,638
<u>\$1,868,387</u>	<u>\$1,050</u>	<u>\$605,707</u>	<u>\$37,825,062</u>	<u>\$38,843,848</u>	<u>\$1,018,786</u>

BEDFORD PUBLIC SCHOOLS

*Technology Enhancement Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Sources:				
Taxes	\$1,250,000	\$1,178,618	\$1,178,618	\$0
Other	0	1,000	8,207	7,207
Total Revenues	1,250,000	1,179,618	1,186,825	7,207
Expenditures				
Current:				
Support services	1,344,761	1,305,248	1,247,505	57,743
Total Expenditures	1,344,761	1,305,248	1,247,505	57,743
Net Change in Fund Balances	(94,761)	(125,630)	(60,680)	64,950
Fund Balance - Beginning of year	124,589	137,358	137,358	0
Fund Balance - End of year	\$29,828	\$11,728	\$76,678	\$64,950

BEDFORD PUBLIC SCHOOLS

*Capital Maintenance Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Sources:				
Other local revenues	\$0	\$175	\$175	\$0
Total Revenues	0	175	175	0
Expenditures				
Current:				
Support services	37,056	53,675	53,675	0
Total Expenditures	37,056	53,675	53,675	0
Excess (Deficiency) of Revenue Over Expenditures	(37,056)	(53,500)	(53,500)	0
Other Financing Sources (Uses)				
Transfers in	45,125	0	0	0
Net Change in Fund Balances	8,069	(53,500)	(53,500)	0
Fund Balance - Beginning of year	161,525	116,009	116,009	0
Fund Balance - End of year	\$169,594	\$62,509	\$62,509	\$0

BEDFORD PUBLIC SCHOOLS

*Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2014*

	Special Revenue Funds				
	Food Service	RSVP	Senior Center	Health Van	Recreation
Assets					
Cash and cash equivalents	\$44,128	\$0	\$158,891	\$0	\$14,042
Receivables:					
Accounts	5,275	0	18,056	18,034	9,437
Due from other governmental units	43,607	0	0	0	0
Inventories	22,027	0	0	0	0
Total Assets	\$115,037	\$0	\$176,947	\$18,034	\$23,479
Liabilities					
Accounts payable	\$53,288	\$0	\$10,366	\$8,749	\$12,892
Accrued wages and benefits	11,330	0	7,011	4,308	10,587
Unearned revenue	20,288	0	0	0	0
Total Liabilities	84,906	0	17,377	13,057	23,479
Fund Balances					
Nonspendable:					
Inventory	22,027	0	0	0	0
Restricted for:					
Food service	8,104	0	0	0	0
Community service	0	0	159,570	4,977	0
Debt service	0	0	0	0	0
Capital projects	0	0	0	0	0
Total Fund Balance	30,131	0	159,570	4,977	0
Total Liabilities and Fund Balances	\$115,037	\$0	\$176,947	\$18,034	\$23,479

		<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	
<u>Latchkey</u>	<u>Summer Latchkey</u>	<u>2005 Refunding School Bond</u>	<u>Sinking</u>	<u>Total Nonmajor Governmental Funds</u>
\$17,014	\$29,018	\$134,329	\$473,276	\$870,698
2,007	0	0	0	52,809
0	0	0	0	43,607
0	0	0	0	22,027
<u>\$19,021</u>	<u>\$29,018</u>	<u>\$134,329</u>	<u>\$473,276</u>	<u>\$989,141</u>
\$1,020	\$474	\$124	\$34	\$86,947
17,034	3,798	0	0	54,068
0	24,746	0	0	45,034
<u>18,054</u>	<u>29,018</u>	<u>124</u>	<u>34</u>	<u>186,049</u>
0	0	0	0	22,027
0	0	0	0	8,104
967	0	0	0	165,514
0	0	134,205	0	134,205
0	0	0	473,242	473,242
<u>967</u>	<u>0</u>	<u>134,205</u>	<u>473,242</u>	<u>803,092</u>
<u>\$19,021</u>	<u>\$29,018</u>	<u>\$134,329</u>	<u>\$473,276</u>	<u>\$989,141</u>

BEDFORD PUBLIC SCHOOLS

*Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2014*

	Special Revenue Funds				
	Food Service	RSVP	Senior Center	Health Van	Recreation
Revenues					
Local sources	\$663,229	\$12,972	\$296,393	\$67,330	\$462,689
State sources	59,813	20,999	0	46,500	0
Federal sources	564,321	68,206	18,920	0	0
Total Revenues	1,287,363	102,177	315,313	113,830	462,689
Expenditures					
Current:					
Support services	0	0	0	0	0
Food service	1,276,988	0	0	0	0
Community services	0	159,261	340,973	115,015	456,871
Debt Service:					
Principal retirement	0	0	0	0	0
Interest and fiscal charges	0	0	0	0	0
Other	0	0	0	0	0
Total Expenditures	1,276,988	159,261	340,973	115,015	456,871
Excess (Deficiency) of Revenues Over Expenditures	10,375	(57,084)	(25,660)	(1,185)	5,818
Other Financing Sources (Uses)					
Transfers out	0	(19,115)	0	0	(5,818)
Net Change in Fund Balances	10,375	(76,199)	(25,660)	(1,185)	0
Fund Balances - Beginning of year	19,756	76,199	185,230	6,162	0
Fund Balances - End of year	<u>\$30,131</u>	<u>\$0</u>	<u>\$159,570</u>	<u>\$4,977</u>	<u>\$0</u>

		Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
Latchkey	Summer Latchkey	2005 Refunding School Bond	Sinking	
\$244,289	\$45,188	\$1,782,795	\$490,432	\$4,065,317
0	0	0	0	127,312
0	0	0	0	651,447
244,289	45,188	1,782,795	490,432	4,844,076
0	0	0	395,157	395,157
0	0	0	0	1,276,988
212,214	56,422	0	0	1,340,756
0	0	1,710,000	0	1,710,000
0	0	85,488	0	85,488
0	0	1,579	0	1,579
212,214	56,422	1,797,067	395,157	4,809,968
32,075	(11,234)	(14,272)	95,275	34,108
(32,075)	11,234	0	0	(45,774)
0	0	(14,272)	95,275	(11,666)
967	0	148,477	377,967	814,758
\$967	\$0	\$134,205	\$473,242	\$803,092

BEDFORD PUBLIC SCHOOLS

*Food Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2014*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
Revenues				
Local Sources:				
Food sales	\$719,997	\$695,497	\$663,229	(\$32,268)
State Sources:				
Restricted grants	53,223	98,196	59,813	(38,383)
Federal Sources:				
School lunch program	522,189	465,900	470,760	4,860
Federal commodities	76,547	76,547	93,561	17,014
	<u>598,736</u>	<u>542,447</u>	<u>564,321</u>	<u>21,874</u>
Total Revenues	1,371,956	1,336,140	1,287,363	(48,777)
Expenditures				
Food Service:				
Salaries	373,400	375,405	358,111	17,294
Employee benefits	198,891	218,229	164,796	53,433
Purchased services	199,115	195,300	194,329	971
Supplies and materials	584,197	531,697	555,421	(23,724)
Capital outlay	2,500	0	0	0
Other	5,850	4,850	4,331	519
	<u>1,363,953</u>	<u>1,325,481</u>	<u>1,276,988</u>	<u>48,493</u>
Total Expenditures	1,363,953	1,325,481	1,276,988	48,493
Excess (Deficiency) of Revenue Over Expenditures	8,003	10,659	10,375	(284)
Other Financing Sources (Uses)				
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	0	30,000
Net Change in Fund Balances	(21,997)	(19,341)	10,375	29,716
Fund Balance - Beginning of year	<u>29,730</u>	<u>19,756</u>	<u>19,756</u>	0
Fund Balance - End of year	<u><u>\$7,733</u></u>	<u><u>\$415</u></u>	<u><u>\$30,131</u></u>	<u><u>\$29,716</u></u>

BEDFORD PUBLIC SCHOOLS

*RSVP Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2014*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Budget</u>
Revenues				
Local Sources:				
Local unit appropriations	\$124,758	\$11,704	\$11,454	(\$250)
Other local revenues	6,563	1,577	1,518	(59)
	<u>131,321</u>	<u>13,281</u>	<u>12,972</u>	<u>(309)</u>
State Sources:				
OSA	108,996	20,999	20,999	0
Federal Sources:				
Retired and Senior Volunteer Program	88,942	68,206	68,206	0
	<u>329,259</u>	<u>102,486</u>	<u>102,177</u>	<u>(309)</u>
Total Revenues				
Expenditures				
Community Services:				
Salaries	87,312	76,571	96,570	(19,999)
Employee benefits	45,708	45,256	41,184	4,072
Purchased services	240,384	16,340	19,359	(3,019)
Supplies and materials	1,400	1,600	1,631	(31)
Other	1,018	5,618	517	5,101
	<u>375,822</u>	<u>145,385</u>	<u>159,261</u>	<u>(13,876)</u>
Total Expenditures				
Excess (Deficiency) of Revenue Over Expenditures	(46,563)	(42,899)	(57,084)	(14,185)
Other Financing Sources (Uses)				
Transfer out	0	(33,300)	(19,115)	14,185
	<u>0</u>	<u>(33,300)</u>	<u>(19,115)</u>	<u>14,185</u>
Net Change in Fund Balances	(46,563)	(76,199)	(76,199)	0
Fund Balance - Beginning of year	90,222	76,199	76,199	0
	<u>90,222</u>	<u>76,199</u>	<u>76,199</u>	<u>0</u>
Fund Balance - End of year	\$43,659	\$0	\$0	\$0
	<u>\$43,659</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

BEDFORD PUBLIC SCHOOLS

*Senior Center Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2014*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
Revenues				
Local Sources:				
Local unit appropriations	\$173,965	\$223,965	\$185,443	(\$38,522)
Contributions and donations	11,800	11,856	14,301	2,445
Meals	70,000	70,000	68,262	(1,738)
Other local revenues	29,930	32,026	28,387	(3,639)
	<u>285,695</u>	<u>337,847</u>	<u>296,393</u>	<u>(41,454)</u>
Federal Sources:				
Title III, Part C	60,500	20,500	18,920	(1,580)
	<u>60,500</u>	<u>20,500</u>	<u>18,920</u>	<u>(1,580)</u>
Total Revenues	346,195	358,347	315,313	(43,034)
Expenditures				
Community Services:				
Salaries	161,933	164,213	148,670	15,543
Employee benefits	74,375	83,573	67,084	16,489
Purchased services	21,247	26,639	27,497	(858)
Supplies and materials	104,000	98,500	97,562	938
Other	75	100	160	(60)
	<u>361,630</u>	<u>373,025</u>	<u>340,973</u>	<u>32,052</u>
Total Expenditures	361,630	373,025	340,973	32,052
Excess (Deficiency) of Revenue Over Expenditures	(15,435)	(14,678)	(25,660)	(75,086)
Other Financing Sources (Uses)				
Transfers out	0	(39,090)	0	39,090
	<u>0</u>	<u>(39,090)</u>	<u>0</u>	<u>39,090</u>
Net Change in Fund Balances	(15,435)	(53,768)	(25,660)	(35,996)
Fund Balance - Beginning of year	298,608	185,230	185,230	0
	<u>298,608</u>	<u>185,230</u>	<u>185,230</u>	<u>0</u>
Fund Balance - End of year	\$283,173	\$131,462	\$159,570	(\$35,996)
	<u>\$283,173</u>	<u>\$131,462</u>	<u>\$159,570</u>	<u>(\$35,996)</u>

BEDFORD PUBLIC SCHOOLS

*Health Van Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2014*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
Revenues				
Local Sources:				
Local unit appropriations	\$60,867	\$40,000	\$45,073	\$5,073
Service fees	21,674	21,674	22,081	407
Contributions and donations	14,458	4,500	176	(4,324)
	<u>96,999</u>	<u>66,174</u>	<u>67,330</u>	<u>1,156</u>
State Sources:				
Other state grants	52,850	58,850	46,500	(12,350)
	<u>149,849</u>	<u>125,024</u>	<u>113,830</u>	<u>(11,194)</u>
Expenditures				
Community Services:				
Salaries	54,216	77,133	57,589	19,544
Employee benefits	19,742	19,711	18,609	1,102
Purchased services	2,340	1,989	1,991	(2)
Supplies and materials	37,627	36,550	36,655	(105)
Other	252	225	171	54
	<u>114,177</u>	<u>135,608</u>	<u>115,015</u>	<u>20,593</u>
Excess (Deficiency) of Revenue Over Expenditures	35,672	(10,584)	(1,185)	9,399
Other Financing Sources (Uses)				
Transfers in	7,296	4,638	0	(4,638)
Transfers out	0	(4,854)	0	4,854
	<u>7,296</u>	<u>(216)</u>	<u>0</u>	<u>216</u>
Net Change in Fund Balances	42,968	(10,800)	(1,185)	9,615
Fund Balance - Beginning of year	44,571	6,162	6,162	0
Fund Balance - End of year	<u>\$87,539</u>	<u>(\$4,638)</u>	<u>\$4,977</u>	<u>\$9,615</u>

BEDFORD PUBLIC SCHOOLS

*Recreation Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2014*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
Revenues				
Local Sources:				
Local unit appropriations	\$40,000	\$35,000	\$35,000	\$0
Service fees	494,500	463,500	414,431	(49,069)
Rental income	23,000	20,000	13,258	(6,742)
Total Revenues	557,500	518,500	462,689	(55,811)
Expenditures				
Community Services:				
Salaries	178,665	203,803	196,779	7,024
Employee benefits	85,385	96,039	77,890	18,149
Purchased services	118,511	135,722	132,727	2,995
Supplies and materials	48,353	59,334	49,405	9,929
Capital outlay	25,000	0	0	0
Other	5,750	250	70	180
Total Expenditures	461,664	495,148	456,871	38,277
Excess (Deficiency) of Revenue Over Expenditures	95,836	23,352	5,818	(17,534)
Other Financing Sources (Uses)				
Transfers out	(53,153)	(20,000)	(5,818)	14,182
Net Change in Fund Balances	42,683	3,352	0	(3,352)
Fund Balance - Beginning of year	42,683	0	0	0
Fund Balance - End of year	\$85,366	\$3,352	\$0	(\$3,352)

BEDFORD PUBLIC SCHOOLS

*Latchkey Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2014*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Budget</u>
Revenues				
Local Sources:				
Tuition	234,445	247,445	244,289	(\$3,156)
Total Revenues	234,445	247,445	244,289	(3,156)
Expenditures				
Community Services:				
Salaries	166,623	147,379	142,130	5,249
Employee benefits	66,203	66,708	55,484	11,224
Purchased services	4,915	4,192	3,230	962
Supplies and materials	11,254	11,704	11,370	334
Other	17,100	8,600	0	8,600
Total Expenditures	266,095	238,583	212,214	26,369
Excess (Deficiency) of Revenue Over Expenditures	(31,650)	8,862	32,075	23,213
Other Financing Sources (Uses)				
Transfers in	31,650	0	0	0
Transfers out	0	(8,800)	(32,075)	(23,275)
Total Other Financing Sources (Uses)	31,650	(8,800)	(32,075)	(23,275)
Net Change in Fund Balances	0	62	0	(62)
Fund Balance - Beginning of year	0	967	967	0
Fund Balance - End of year	\$0	\$1,029	\$967	(\$62)

BEDFORD PUBLIC SCHOOLS

*Summer Latchkey Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2014*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Budget</u>
Revenues				
Local Sources:				
Tuition	\$115,700	\$114,000	\$45,188	(\$68,812)
Total Revenues	115,700	114,000	45,188	(68,812)
Expenditures				
Community Services:				
Salaries	56,411	62,568	34,119	28,449
Employee benefits	18,075	21,340	11,191	10,149
Purchased services	8,700	8,700	6,523	2,177
Supplies and materials	7,900	7,900	4,589	3,311
Other	9,730	6,000	0	6,000
Total Expenditures	100,816	106,508	56,422	44,086
Excess (Deficiency) of Revenue Over Expenditures	14,884	7,492	(11,234)	(24,726)
Other Financing Sources (Uses)				
Transfers in	0	0	11,234	11,234
Net Change in Fund Balances	14,884	7,492	0	(13,492)
Fund Balance - Beginning of year	14,884	0	0	0
Fund Balance - End of year	\$29,768	\$7,492	\$0	(\$13,492)

BEDFORD PUBLIC SCHOOLS

*2005 Refunding School Bond Debt Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2014*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
Revenues				
Local Sources:				
Taxes	\$1,906,667	\$1,781,980	\$1,781,980	\$0
Interest	1,000	810	815	5
Total Revenues	1,907,667	1,782,790	1,782,795	5
Expenditures				
Debt Service:				
Principal retirement	1,630,000	1,710,000	1,710,000	0
Interest and fiscal charges	167,000	85,488	85,488	0
Other	4,141	1,454	1,579	(125)
Total Expenditures	1,801,141	1,796,942	1,797,067	(125)
Net Change in Fund Balances	106,526	(14,152)	(14,272)	(120)
Fund Balance - Beginning of year	151,169	148,477	148,477	0
Fund Balance - End of year	<u>\$257,695</u>	<u>\$134,325</u>	<u>\$134,205</u>	<u>(\$120)</u>

BEDFORD PUBLIC SCHOOLS

*Sinking Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2014*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Budget</u>
Revenues				
Local Sources:				
Taxes	\$487,500	\$490,000	\$489,853	(\$147)
Interest	850	550	579	29
Total Revenues	<u>488,350</u>	<u>490,550</u>	<u>490,432</u>	<u>(118)</u>
Expenditures				
Current:				
Support services	<u>502,000</u>	<u>395,214</u>	<u>395,157</u>	<u>57</u>
Total Expenditures	<u>502,000</u>	<u>395,214</u>	<u>395,157</u>	<u>57</u>
Net Change in Fund Balances	(13,650)	95,336	95,275	(61)
Fund Balance - Beginning of year	<u>103,094</u>	<u>377,967</u>	<u>377,967</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$89,444</u></u>	<u><u>\$473,303</u></u>	<u><u>\$473,242</u></u>	<u><u>(\$61)</u></u>

BEDFORD PUBLIC SCHOOLS

Agency Funds
Statement of Changes in Assets and Liabilities
June 30, 2014

	Student Activities Agency Fund			
	Balance			Balance
	July 1, 2013	Additions	Deductions	June 30, 2014
Assets				
Cash and cash equivalents	\$576,983	\$1,265,774	\$1,195,837	\$646,920
Liabilities				
Due to students	\$576,983	\$1,265,774	\$1,195,837	\$646,920

BEDFORD PUBLIC SCHOOLS

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2014*

	Due to (From) School District <u>July 1, 2013</u>	<u>Receipts</u>	<u>Disbursements</u>	Due to (From) School District <u>June 30, 2014</u>
HIGH SCHOOL				
Anatomy	\$8	\$390	\$398	\$0
Angie Mull Bennett Band	0	1,100	0	1,100
AP	4,095	22,805	2,323	24,577
Art	416	4,588	4,902	102
Artist Guild	72	0	17	55
Art-Kiln	0	600	0	600
Auto	314	4,117	4,171	260
Band	471	1,958	930	1,499
Baseball	78	7,728	7,744	62
BEA	0	1,500	500	1,000
Bedford Flower & Garden Club	1,000	1,000	1,000	1,000
Bedford Football Moms	2,073	71,327	66,343	7,057
Bedford Secretarial Association	200	200	400	0
Billing	0	2,385	2,385	0
Boys Basketball	14,353	8,837	12,933	10,257
Boys CC	2,521	1,849	3,965	405
Boys Golf	0	3,161	2,380	781
Boys Soccer	5,637	18,610	12,447	11,800
Boys Swim & Dive	368	9,433	8,802	999
Boys Tennis	202	2,921	2,623	500
Boys Track	170	3,422	2,565	1,027
BPA	1,542	6,616	6,552	1,606
Calculators	2,338	2,133	189	4,282
Carpentry	2,544	0	0	2,544
Cheer Club	9,898	59,150	51,579	17,469
Choir	1,266	15,894	12,585	4,575
Chronobook Insurance	0	9,745	7,853	1,892
Class of 2013	3,061	0	3,061	0
Class of 2014	7,653	147	4,751	3,049
Class of 2015	2,107	29,111	21,596	9,622
Class of 2016	1,619	2,279	1,015	2,883
Class of 2017	0	2,506	439	2,067
Coaches Club	685	6,947	6,045	1,587
Colton Durbin Memorial	0	5,000	500	4,500
Commissions-Pepsi	725	1,756	2,011	470
Commissions-Pictures	13,636	8,720	15,120	7,236
Crafts	111	1,068	1,179	0
DECA	514	7,552	7,109	957
Drama	8,068	44,846	48,153	4,761
Drew Boggess	5,376	2,864	1,500	6,740
Ecology	0	52	0	52
FCCLA	262	0	0	262
FCS	21	425	386	60
Fines	3,064	2,853	2,827	3,090
Fitness	0	535	535	0
Flag Corp	0	525	525	0
Football	2,145	52,746	46,860	8,031

BEDFORD PUBLIC SCHOOLS

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2014*

	Due to (From) School District July 1, 2013	Receipts	Disbursements	Due to (From) School District June 30, 2014
HIGH SCHOOL(CONTINUED)				
French	\$346	\$246	\$266	\$326
Gargas Service	209	500	257	452
General-Athletics	5,953	12,660	15,105	3,508
General-Scholarship	4,120	0	350	3,770
General-Stalker	468	1,801	2,180	89
German-Club	190	94	0	284
Girls Basketball	895	8,065	7,980	980
Girls CC	1,914	6,204	5,846	2,272
Girls Golf	0	155	0	155
Girls Soccer	12,586	21,357	27,853	6,090
Girls Swim Team	7,449	9,376	8,260	8,565
Girls Tennis	2,561	480	369	2,672
Girls Track	417	5,924	3,597	2,744
Golf	286	1,396	1,682	0
Grad DVD	907	1,200	712	1,395
Graduates Inactive	22,344	3,060	250	25,154
Grapplettes	365	1,881	1,412	834
Guidance Office	516	48	8	556
Health Fair	19	890	699	210
Hockey	10,134	32,266	32,374	10,026
Hutchinson Memorial	1,190	0	0	1,190
Journalism	119	45,647	20,584	25,182
KC for Special Ed	310	356	666	0
Kwiatkowski Drama	945	0	0	945
Lambertville Mini Storage	0	2,000	2,000	0
Lauren Yates Memorial	0	800	0	800
Law & Study	275	666	447	494
Leadership-PEERx	0	500	274	226
Maschke	720	0	0	720
Math	1,626	1	0	1,627
Media Center	1,759	225	83	1,901
MI Youth In Govt	420	0	154	266
MME	204	15	0	219
MTS	0	1,000	0	1,000
Mule Mart	143	12,343	9,885	2,601
Mules for Hope	925	0	0	925
Mules Recycle	0	1,778	460	1,318
NHS	2,546	5,381	5,128	2,799
NYC	46	35,971	36,017	0
Orchestra	252	1,317	953	616
PAC	371	0	0	371
Parking	611	0	0	611
PE Locks	5	15,370	12,557	2,818
Personal Finance	25	8	0	33
Philip Zuchowski	6,475	1,000	1,000	6,475
Photo	2,911	5,099	5,579	2,431
Pickard Machine Technology	0	300	0	300

BEDFORD PUBLIC SCHOOLS

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2014*

	Due to (From) School District <u>July 1, 2013</u>	<u>Receipts</u>	<u>Disbursements</u>	Due to (From) School District <u>June 30, 2014</u>
HIGH SCHOOL(CONTINUED)				
PSAT	\$1,227	\$1,920	\$1,534	\$1,613
Psychology	149	575	614	110
Rebate-Target	5,392	1,362	94	6,660
Red Cross	2,051	0	0	2,051
Richard Karazim	1,458	500	500	1,458
Robotics	8,428	60,337	63,330	5,435
Robotics	500	0	0	500
Ronald P Rejent	500	1,000	0	1,500
Running Club	2,870	5,737	6,401	2,206
Ryan Wolniewicz Golf	8,009	1,092	1,000	8,101
Ryan Wolniewicz Hockey	239	0	0	239
SADD	500	0	0	500
Sanderson Art	0	233	35	198
Sauk Valley	684	2,950	859	2,775
Senior Send Off	4,909	9,449	8,288	6,070
Silver Spoon	2,426	7,142	8,049	1,519
Skills USA	229	5,043	4,811	461
Softball	13,015	9,081	2,561	19,535
Soiree	7,179	15,893	19,741	3,331
Spanish	50	0	0	50
Speech	11	0	0	11
Sports Marketing	295	0	0	295
Student Council	18,452	19,867	27,390	10,929
Student Council Memorial	0	10,000	0	10,000
Temperance Animal Hospital	0	1,000	0	1,000
Vanessa Pirrone Memorial	10,281	0	0	10,281
Vending	2,658	1,422	2,143	1,937
VICA	596	2,428	2,466	558
Volleyball	11,283	20,042	15,808	15,517
Weight Room	430	3,340	2,898	872
Weight Room - Staff	1,500	0	0	1,500
Wood Shop	6,841	2,117	353	8,605
Wrestling	531	3,145	0	3,676
Wrestling Room	124	0	0	124
	<u>304,987</u>	<u>854,456</u>	<u>753,060</u>	<u>406,383</u>
JUNIOR HIGH				
6th Field Trip	0	5,658	5,466	192
America's Culture	809	1,575	603	1,781
Art Club	1,597	464	68	1,993
Assignment Books	1,055	273	1,055	273
Band	8,305	15,757	14,893	9,169
Banquet	0	12,275	12,275	0
Basketball- Boys	3,265	1,595	1,258	3,602
Basketball-Girls	2,835	1,253	545	3,543
Bionic Broncos	0	961	948	13
Book Fines	3,448	770	2,251	1,967
Book Reimbursement	558	29	15	572

BEDFORD PUBLIC SCHOOLS

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2014*

	Due to (From) School District <u>July 1, 2013</u>	<u>Receipts</u>	<u>Disbursements</u>	Due to (From) School District <u>June 30, 2014</u>
JUNIOR HIGH(CONTINUED)				
Box Tops	\$2,015	\$562	\$7	\$2,570
Charity Club	2	130	100	32
Cheerleaders - 7th Grade	256	0	0	256
Cheerleaders - 8th Grade	2,083	0	0	2,083
Chess Club	104	0	0	104
Choir	579	208	510	277
Circuit Breakers	0	275	275	0
Computer Club	275	0	0	275
Davies Community Service	0	859	859	0
Drama Club	179	505	612	72
Ear Buds	0	104	0	104
Field Trips	3,440	1,664	1,314	3,790
Football	113	321	99	335
Football Moms	1,458	3,520	4,043	935
FTC Robotics	365	500	715	150
FTC Robotics #2	461	200	0	661
Fundraiser	150	37,710	37,801	59
Game Club	334	0	0	334
General Fund	1,248	14,835	11,751	4,332
Grapplerettes	863	71	0	934
Journalism	11,890	18,532	24,067	6,355
Jr Girls Track	4,109	3,287	5,085	2,311
Juggling	204	108	46	266
Knights of Columbus	211	0	0	211
Library	1,725	505	38	2,192
Math Club	252	0	120	132
Mud Hens	1,000	42	1,042	0
N.J.H.S.	2,743	1,350	1,564	2,529
Newspaper	55	0	0	55
PD Savings	3,112	0	2,816	296
Physical Education	2,404	128	455	2,077
Picture Commission	7,283	8,407	11,167	4,523
PTSA Grant Money	550	0	0	550
Read A Thon	228	94	54	268
Reimbursement	0	10,547	10,547	0
Robotics - Loose Screws	298	848	1,046	100
Robotics	1,486	698	2,184	0
School Store	230	450	0	680
Science Department	200	0	0	200
Sign Board	10,042	0	1,737	8,305
Strings	1,085	2,366	2,283	1,168
Student Council	8,529	7,710	6,745	9,494
Students Interact	0	2,599	1,582	1,017
Technology Education	6,825	1,642	1,535	6,932
Tennis	0	313	313	0
Track- Boys	146	343	357	132
Track- Girls	876	657	1,494	39

BEDFORD PUBLIC SCHOOLS

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2014*

	Due to (From) School District <u>July 1, 2013</u>	<u>Receipts</u>	<u>Disbursements</u>	Due to (From) School District <u>June 30, 2014</u>
JUNIOR HIGH(CONTINUED)				
Turning Screws	\$0	\$2,880	\$1,872	\$1,008
Vending	0	4,419	3,827	592
Vocabulary	148	0	0	148
Volleyball	1,878	7,131	6,839	2,170
Wrestling	75	1,772	0	1,847
YMCA	0	261	0	261
	<u>103,381</u>	<u>179,163</u>	<u>186,278</u>	<u>96,266</u>
DOUGLAS				
5th Grade	2,703	0	1,496	1,207
Andrews, Matt	500	0	140	360
Camp	0	23,782	22,694	1,088
Classroom Magazines	0	209	0	209
Cordray, Beverly	500	50	463	87
Digby, Laura	1,455	0	0	1,455
Dinwoody, Cailaen	753	0	220	533
Duran, Lisa	358	0	358	0
Ewing, Natalie	1,394	0	1,394	0
Field Trips	0	8,696	4,344	4,352
General Account	40,998	14,720	34,372	21,346
Go Green	1,160	0	0	1,160
Goa, Kim	1,103	0	0	1,103
Gossard, Michelle	808	0	808	0
Hill, Julie	1,006	0	0	1,006
Hinkle, Amy	11	0	11	0
Hirsch, Erin	500	0	116	384
Hite, Nicole	500	0	385	115
ISD	0	500	500	0
Johnson, Becky	906	110	509	507
Kearney, Jeanne	500	0	149	351
Keiser, Dawn	500	0	334	166
Kindergaren Snacks	0	2,130	2,021	109
Kinney, Bev	0	500	275	225
Kohlhofer, Kelly	500	0	495	5
Kudzia, Tina	0	500	19	481
Lee, Sandy	1,291	0	1,180	111
Liebnau, Corinne	0	10	10	0
Magazine Sale	0	5,136	0	5,136
Manning, Roger	974	0	543	431
Market Day	0	673	0	673
McMullen, Bobbie	540	10	376	174
Media Center	1,284	90	0	1,374
Miller, Michelle	768	0	433	335
Nigh, Sarah	1,152	55	226	981
Relay for Life	232	0	224	8
Resource Room	1,024	0	439	585
Robotics	300	300	300	300
Rodegeb, Lynn	213	0	213	0

BEDFORD PUBLIC SCHOOLS

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2014*

	Due to (From) School District <u>July 1, 2013</u>	<u>Receipts</u>	<u>Disbursements</u>	Due to (From) School District <u>June 30, 2014</u>
DOUGLAS(CONTINUED)				
Shepherd, Sean	\$613	\$0	\$613	\$0
Snyder, Jeremy	1,394	0	50	1,344
Social Committee	0	224	149	75
Special Events	0	8,208	835	7,373
Steinman, Wendy	83	0	65	18
Student Council	345	1,008	510	843
Taweel, Hoda	800	25	564	261
Watson, Judy	1,087	0	769	318
Winterstein, Judy	1,006	0	0	1,006
Wuwert, Sandy	0	500	56	444
Yearbook	0	4,688	3,962	726
	<u>69,261</u>	<u>72,124</u>	<u>82,620</u>	<u>58,765</u>
JACKMAN				
Art & Music Department	4,950	4,557	5,636	3,871
Box Top Income	8,155	6,894	9,401	5,648
Camp	2,436	24,742	26,390	788
Developmental Kdg	100	0	0	100
Fund Raisers	79	694	694	79
General	6,466	41,605	37,733	10,338
Landscaping Grant	8	0	0	8
Library	5,562	168	3,088	2,642
Lounge	9	499	390	118
Richardson Scholarship	7,617	1	600	7,018
Robotics I	306	0	0	306
Shoe	589	4,878	4,659	808
Sixth Grade	157	0	0	157
Song Flute	45	504	529	20
SOS	481	5,000	265	5,216
Student Council	2,008	1,992	2,144	1,856
	<u>38,968</u>	<u>91,534</u>	<u>91,529</u>	<u>38,973</u>
MONROE				
Arnold 1st Grade	0	82	82	0
Boberg 2nd Grade	241	80	0	321
Brandjord 3rd Grade	137	0	0	137
Bules/Liebnau Kdg	126	0	0	126
Camp Fund	0	21,351	21,351	0
Candy Fund	0	4,805	4,660	145
Chrysochoos 5th Grade	0	3	0	3
Culligan	8	460	468	0
Eaton 3rd Grade	16	100	25	91
Eby 3rd Grade	0	110	43	67
Enrichment Fund	1,401	0	107	1,294
Etts 4th Grade	37	10	36	11
Field Trip	3,999	3,988	3,185	4,802
General	22,128	27,843	20,042	29,929
Gladieux 4th Grade	8	57	65	0

BEDFORD PUBLIC SCHOOLS

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2014*

	Due to (From) School District <u>July 1, 2013</u>	<u>Receipts</u>	<u>Disbursements</u>	Due to (From) School District <u>June 30, 2014</u>
MONROE(CONTINUED)				
Glick 3rd Grade	\$0	\$127	\$127	\$0
Harasta 5th Grade	5	50	48	7
Herr Kindergarten	127	158	185	100
Hiemstra 1st Grade	93	135	88	140
Hulsebus 1st Grade	69	99	161	7
Jewell 2nd Grade	208	60	25	243
Kelly 4th Grade	16	0	0	16
Kiss 3rd Grade	103	76	134	45
Knights of Columbus	2,332	959	1,423	1,868
Liebnau Kdg	0	96	96	0
Lykowski 5th Grade	61	0	0	61
Macke 5th Grade	18	125	132	11
Mazza Lockwood Memorial	1,125	0	300	825
Media Center	1,189	223	293	1,119
Micham 1st Grade	0	95	29	66
Moore 4th Grade	0	109	109	0
Music-Newmeyer	0	727	672	55
Office	219	0	0	219
One District One Book	0	650	0	650
Outdoor Education Tree Fund	63	243	266	40
Perry 2nd Grade	123	0	0	123
PTA	0	3,336	3,336	0
Reading Enrichment	1,126	3	30	1,099
Relay for Life	219	0	0	219
Robotics	93	0	0	93
Seegert Kdg	61	104	126	39
Shinaver Kdg	398	126	150	374
Snack Fund				
Bogerg/Jewell	0	10	0	10
Way	57	100	123	34
Snyder 1st Grade	237	100	56	281
Stanley 5th Grade	34	6	39	1
Student Council	1,818	351	574	1,595
Sunshine Fund	0	1,430	1,249	181
Turley 1st Grade	66	110	90	86
	<u>37,961</u>	<u>68,497</u>	<u>59,925</u>	<u>46,533</u>

BEDFORD PUBLIC SCHOOLS

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2014*

	Due to (From) School District <u>July 1, 2013</u>	<u>Receipts</u>	<u>Disbursements</u>	Due to (From) School District <u>June 30, 2014</u>
TEMPERANCE				
Camp Fund (5th)	\$15	\$0	\$15	\$0
General	2,189	0	2,189	0
Media Center	11,821	0	11,821	0
Party & Snack	2,222	0	2,222	0
Pop	783	0	783	0
Social	1,038	0	1,038	0
Special Events	4,354	0	4,354	0
Student Council	3	0	3	0
	<u>22,425</u>	<u>0</u>	<u>22,425</u>	<u>0</u>
Total	<u>\$576,983</u>	<u>\$1,265,774</u>	<u>\$1,195,837</u>	<u>\$646,920</u>

BEDFORD PUBLIC SCHOOLS

*Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014*

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Grant Number	Approved Grant Award Amount	Accrued (Deferred) Revenue July 1, 2013
<u>U.S. Department of Education</u>				
Passed Through State Department of Education:				
Title I	84.010	131530-1213	\$464,249	\$107,069
Title I	84.010	141530-1314	382,733	0
			<u>846,982</u>	<u>107,069</u>
Title II Part A - Improving Teacher Quality	84.367	130520-1213	238,269	53,781
Title II Part A - Improving Teacher Quality	84.367	140520-1314	188,931	0
			<u>427,200</u>	<u>53,781</u>
Federal Audlt Education ABE Instruction	84.002	131130-131912	70,000	61,530
Federal Audlt Education ABE Instruction	84.002	141130-141912	59,000	0
			<u>129,000</u>	<u>61,530</u>
Total Passed Through State Department of Education			<u>1,403,182</u>	<u>222,380</u>
Passed Through Intermediate School Districts:				
McKinney-Vento Homeless Students' Assistance	84.196A	112320-1011	972	0
McKinney-Vento Homeless Students' Assistance	84.196A	122320-1011	600	0
			<u>1,572</u>	<u>0</u>
Perkins II - Vocational Education	84.048A	133520-131225	65,062	27,897
Perkins II - Vocational Education	84.048A	143520-141225	55,856	0
			<u>120,918</u>	<u>27,897</u>
Total Passed Through Intermediate School Districts			<u>122,490</u>	<u>27,897</u>
Passed Through Monroe Public Schools:				
Title III - Limited English Proficient	84.365A	130580-1213	3,658	3,658
Title III - Limited English Proficient	84.365A	140580-1314	3,201	0
			<u>6,859</u>	<u>3,658</u>
Total U.S. Department of Education			<u>1,532,531</u>	<u>\$253,935</u>

(See accompanying notes to this schedule)

Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2014
\$368,928	\$40,456	\$147,525	\$0
0	274,039	210,815	63,224
<u>368,928</u>	<u>314,495</u>	<u>358,340</u>	<u>63,224</u>
142,473	18,279	72,060	0
0	152,630	126,108	26,522
<u>142,473</u>	<u>170,909</u>	<u>198,168</u>	<u>26,522</u>
61,530	0	61,530	0
0	53,908	38,303	15,605
<u>61,530</u>	<u>53,908</u>	<u>99,833</u>	<u>15,605</u>
<u>572,931</u>	<u>539,312</u>	<u>656,341</u>	<u>105,351</u>
972	0	0	0
0	0	0	0
<u>972</u>	<u>0</u>	<u>0</u>	<u>0</u>
65,062	0	27,897	0
0	55,853	0	55,853
<u>65,062</u>	<u>55,853</u>	<u>27,897</u>	<u>55,853</u>
66,034	55,853	27,897	55,853
3,658	0	3,658	0
0	3,201	0	3,201
<u>3,658</u>	<u>3,201</u>	<u>3,658</u>	<u>3,201</u>
<u>\$642,623</u>	<u>598,366</u>	<u>\$687,896</u>	<u>\$164,405</u>

BEDFORD PUBLIC SCHOOLS

*Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014*

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Grant Number	Approved Grant Award Amount	Accrued (Deferred) Revenue July 1, 2013
<u>U.S. Department of Health and Human Services</u>				
Passed Through Intermediate School District				
Medicaid Outreach Program	93.778		\$4,932	\$2,933
Title III - C, Nutrition Services	93.045	2012 - 13	24,675	0
Title III - C, Nutrition Services	93.045	2013 - 14	24,675	0
			<u>49,350</u>	<u>0</u>
Total U.S. Department of Health and Human Services			54,282	<u>\$2,933</u>
<u>U.S. Department of Agriculture</u>				
Passed Through State Department of Education:				
National School Lunch Program				
All Lunches	10.555	131960	419,556	\$0
All Lunches	10.555	141960	366,018	0
			<u>785,574</u>	<u>0</u>
School Breakfast Program	10.553	131970	56,620	0
School Breakfast Program	10.553	141970	53,444	0
			<u>110,064</u>	<u>0</u>
Total Passed Through State Department of Education			895,638	0
U.S.D.A. Donated Commodities				
Entitlements	10.555		93,561	0
Total U.S. Department of Agriculture			989,199	<u>\$0</u>
<u>U.S. Corporation for National Service</u>				
Retired and Senior Volunteer Program	94.002	11SRNMI005	90,442	0
			<u>90,442</u>	<u>\$0</u>
Total Federal Financial Assistance			<u>\$2,666,454</u>	

(See accompanying notes to this schedule)

<u>Prior Year Expenditures (Memo Only)</u>	<u>Current Year Expenditures</u>	<u>Current Year Receipts (Cash Basis)</u>	<u>Accrued (Deferred) Revenue June 30, 2014</u>
\$4,932	\$0	\$2,933	\$0
12,010	6,924	6,924	0
0	11,996	11,996	0
<u>12,010</u>	<u>18,920</u>	<u>18,920</u>	<u>0</u>
<u>\$16,942</u>	18,920	<u>\$21,853</u>	<u>\$0</u>
\$373,274	46,282	\$46,282	\$0
0	366,018	366,018	0
<u>373,274</u>	<u>412,300</u>	<u>412,300</u>	<u>0</u>
51,604	5,016	5,016	0
0	53,444	53,444	0
<u>51,604</u>	<u>58,460</u>	<u>58,460</u>	<u>0</u>
424,878	470,760	470,760	0
0	93,561	93,561	0
<u>\$424,878</u>	<u>564,321</u>	<u>\$564,321</u>	<u>\$0</u>
0	68,206	68,206	0
<u>\$0</u>	<u>68,206</u>	<u>\$68,206</u>	<u>\$0</u>
	<u>\$1,249,813</u>		

BEDFORD PUBLIC SCHOOLS

*Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014*

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) summarizes activity of the School's federal award programs. The schedule has been prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - RECONCILIATION

The amounts reported on the Grant Section Auditors Report reconcile with this schedule.

NOTE C - MATCHING REQUIREMENTS

Certain federal programs require that the School District contribute non-federal funds (matching funds) to support the federally-funded programs. The School District has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.

BEDFORD PUBLIC SCHOOLS

*Schedule of Findings and Questioned Costs
Year Ended June 30, 2014*

SUMMARY OF AUDIT RESULTS:

1. The auditor's report expresses an unmodified opinion on the financial statements of Bedford Public Schools.
2. One significant deficiency was disclosed relating to the audit of the financial statements is reported in the 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*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Bedford Public Schools which would be required to be reported in accordance with *Governmental Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies considered to be material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance For Each Major Program and Internal Control Over Compliance Required by OMB Circular A-133.
5. The auditor's report on compliance for the Nutrition Cluster and Title I expresses an unmodified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for Bedford Public Schools.
7. The programs tested as major programs include the National School Breakfast Program (CFDA #10.553), the National School Lunch Program (CFDA #10.555), and the U.S.D.A. Donated Commodities (CFDA #10.555), and Title I (CFDA #84.010).
8. Type A programs are programs with \$300,000 or more of federal expenditures. Type B programs are programs with federal expenditures between \$100,000 and \$300,000.
9. Bedford Public Schools was determined not to be a low-risk auditee.

BEDFORD PUBLIC SCHOOLS

*Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014*

FINDINGS - FINANCIAL STATEMENTS AUDIT:

2014-1 **Material Audit Adjustments**

Finding Type: Significant deficiency in internal controls over financial reporting.

Criteria: Management is responsible for maintaining accounting records in accordance with generally accepted accounting principles (GAAP).

Condition: During the audit, we identified and proposed adjustments (which were approved and posted by management) in the General Fund that were material to the District's financial statements.

Cause: The District did not reverse prior year accruals, record grant unearned revenue, record several year-end grant receivables, and record interest payable.

Effect: As a result, the ending General Fund fund balance was originally overstated by approximately \$218,000.

Recommendation: The necessary adjustments have been made to the School's records and appropriately presented in the financial statements. Accordingly, no further corrective action is required at this time.

View of Responsible Officials: Management will conduct a review of the general ledger on an ongoing basis

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT:

None

BEDFORD PUBLIC SCHOOLS

*Schedule of Prior Audit Findings
Year Ended June 30, 2014*

2013-1 **Material Audit Adjustments**

Finding Type: Significant deficiency in internal controls over financial reporting.

Criteria: Management is responsible for maintaining accounting records in accordance with generally accepted accounting principles (GAAP).

Condition: During the audit, we identified and proposed adjustments (which were approved and posted by management) in the General Fund that were material to the District's financial statements.

Cause: The District did not record a year-end grant receivable and did not record transfers between funds.

Effect: As a result, the ending General Fund fund balance was originally understated by approximately \$89,000.

Recommendation: The necessary adjustments have been made to the District's records and appropriately presented in the financial statements. Accordingly, no further corrective action is required at this time.

View of Responsible Officials: Management will conduct a review of the general ledger on an ongoing basis

Current Status: During the 2014 audit, we identified and proposed adjustments in the General Fund that were material to the District's financial statement.

2013-2 **Operating Deficit**

Finding Type: Material Noncompliance with Certain Provisions of Laws, Regulations, Contracts, and Grant Agreements.

Criteria: In accordance with Public Act 621 of 1978, no fund shall have a deficit fund.

Condition: As of June 30, 2013, the General Fund has an operating deficit of \$189,632. The goals of the School are included in the Deficit Elimination Plan on file with the Michigan Department of Education.

Cause: Due to an operating deficit incurred in the General Fund during the year ended June 30, 2012, the School has a cumulative deficit in the General Fund of \$626,901. During the year ended June 30, 2013, General Fund operations decreased the cumulative deficit by \$437,269.

Effect: The School is in violation of Public Act 621.

Recommendation: In accordance with Public Act 621 of 1978, the Deficit Elimination Plan should be updated as necessary. Additional cost cutting and revenue enhancement alternatives must continue during the next year to reduce the deficit and meet the goals of the School's Deficit Elimination Plan.

BEDFORD PUBLIC SCHOOLS

*Schedule of Prior Audit Findings
Year Ended June 30, 2014*

2013-2 **Operating Deficit (concluded)**

View of Responsible Officials: Plans to reduce the deficit in 2013-2014 are underway. The School District Deficit Elimination Plan was submitted to the State of Michigan and granted a contingent approval on September 13, 2013.

Current Status: The School District implemented a budget for 2013-2014 to increase the fund balance to eliminate the fund balance deficit. As of June 30, 2014, the district increased their fund balance \$898,090 to end with a positive fund balance of \$708,458.

U.S. DEPARTMENT OF EDUCATION

2013-1 **Completion of Personnel Activity Reports and Semi-annual Certifications**

Finding Type: Significant Deficiency and Material Noncompliance with laws and regulations.

Program: Title I, (CFDA #84.010).

Criteria: The School is required to obtain periodic certifications for employees working solely on a single federal award or cost objective. These certifications must be prepared at least semi-annually and be signed by the employee or supervisor with first-hand knowledge of work performed by the employee. Individuals that are co-funded must have their time that is charged to a federal grant supported by a detailed timesheet or a personnel activity report. Personnel activity reports must account for all of the individual's time, be signed by the employee or the employee's direct supervisor, and must be completed at least monthly.

Condition: The School did not maintain personnel activity reports in the required format for co-funded employees, and did not obtain semi-annual certifications for all employees charged to Title I.

Cause: Management was not aware of the required information to be included in the personnel activity reports, and was not aware that semi-annual certifications are required to be maintained for all individuals that are 100 percent charged to the federal grant or a single cost objective.

Effect: As a result of this condition, personnel activity reports were prepared by School personnel, but did not include the required components to support the time being charged to Title I. In addition, semi-annual certifications were not completed for employees who were not teachers.

Questioned Costs: There were no costs that were required to be questioned and no unallowable expenditures that were noted as a result of this finding.

Context: Of the 39 employees selected for testing, three of the individuals did not have the required semi-annual certifications, and two of the individuals did not have adequate personnel activity reports. The School was able to obtain other documentation to support the allowable payroll costs.

BEDFORD PUBLIC SCHOOLS

*Schedule of Prior Audit Findings
Year Ended June 30, 2014*

2013-1 **Completion of Personnel Activity Reports and Semi-annual Certifications (concluded)**

Recommendation: Management should ensure that personnel activity reports are maintained in the proper format for co-funded employees. Management should also ensure that all semi-annual certifications are maintained for the appropriate employees.

View of Responsible Officials: The School is now aware of these requirements and has implemented procedures to properly document time and effort for employees charged to federal grants.

Current Status: The district has implemented procedures to ensure all co-funded employees charged to Title I provided personnel activity reports and semi-annual certifications.

2013-2 **Oversite of Grant Expenditures and Reimbursements**

Finding Type: Significant Deficiency in Internal Control over Compliance

Program: Title I, (CFDA #84.010)

Criteria: The School should have an adequate financial management system to track federal expenditures and reimbursements.

Condition: Allowable expenditures incurred were recorded with an incorrect state code.

Cause: The condition was caused by a turnover of staff that was responsible for monitoring the grant expenditures.

Effect: As a result of this condition, the School failed to request federal funds until audit procedures discovered the miscoded expenditures.

Questioned Costs: There were no costs that were required to be questioned and no unallowable expenditures that were noted as a result of this finding.

Recommendation: We recommend that the School implement procedures to ensure that allowable expenditures be identified, reconciled, and requested.

View of Responsible Officials: Management will conduct a more thorough review of federal expenditures and implement monitoring procedures.

Current Status: The district has implemented procedures to track federal expenditures and reimbursements.



**COOLEY HEHL
WOHLGAMUTH & CARLTON**
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Board of Education
Bedford Public Schools
Monroe County, Michigan

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bedford Public Schools as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing our auditing 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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District'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 discussed below, we identified certain deficiencies in internal control that 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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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 following deficiencies in the School District's internal control to be significant deficiencies:

Adjusting Journal Entries

During the audit, we identified and proposed adjustments (which were approved and posted by management) in the General Fund that were material to the School District's financial statements. Reviewing the general ledger on an ongoing basis will provide the School District with more accurate financial information. We suggest that management conduct a review of the general ledger on an ongoing basis throughout the fiscal year.

Budgets

The School District adopts a budget for each fund at the beginning of the fiscal year. Throughout the fiscal year, the budget needs to be amended to allow for expenditures that are higher than originally anticipated and for unexpected expenditures.

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The following comment is not significant deficiency or a material weakness but a suggestion to improve your existing accounting and control systems.

Senior Center

During the audit, we noted the request for payment of expenditures for the senior center was paid from a summary schedule without any supporting documentation. The summary schedule should be supported with the proper documentation for the expenditures, and the documentation should be reviewed before payment. We suggest the senior center implement procedures to submit the proper documentation with the summary schedule.

This communication is intended solely for the information and use of the Board of Education, management, others within the School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Cooley Hell Wohlgenuth & Carlton".

October 14, 2014



COOLEY HEHL
WOHLGAMUTH & CARLTON
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October 14, 2014

To the Board of Education
Bedford Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bedford Public Schools for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 17, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Bedford Public Schools are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014. We noted no transactions entered into by Bedford Public Schools during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the allowance of doubtful accounts is based on confirmation of the state aid status report. We evaluated the key factors and assumptions used to develop the estimate of a zero percent for the allowance of doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the useful lives of depreciable capital assets is based on the length of time those assets will provide economic benefit in the future.

Management's estimate of the accrued compensated absences is based on a formula and conditions specified in various contracts regarding vacation and sick leave benefits.

The financial statement disclosures are neutral, consistent, and clear.

To the Board of Education
Bedford Public Schools

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Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 14, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the major fund budget and actual statements, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

To the Board of Education
Bedford Public Schools

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We were engaged to report on the nonmajor fund budget and actual statements, the agency changes in assets and liabilities, and the federal financial assistance program schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the Board of Education and management of Bedford Public Schools and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Cooley Hill Wohlgammaeth & Carlton