

**BEDFORD PUBLIC SCHOOLS**  
Temperance, Michigan

ANNUAL FINANCIAL REPORT

June 30, 2015

**Bedford Public Schools**

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*June 30, 2015*

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**COOLEY HEHL  
WOHLGAMUTH & CARLTON**  
P. L. L. C. Certified Public Accountants

James R. Cooley, CPA  
David K. Hehl, CPA  
Peter H. Carlton, CPA  
Matthew D. Hehl, CPA  
Deborah A. Sabo, CPA  
Nicklaus W. Calkins, CPA

One South Monroe Street • Monroe, Michigan 48161-2230  
Telephone: (734) 241-7200 • Fax: (734) 241-2637  
www.chwccpa.com

Members:  
American Institute of Certified Public Accountants  
Michigan Association of Certified Public Accountants  
Division for CPA Firms American Institute of  
Certified Public Accountants

## 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, 2015, 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. 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, 2015, and the respective changes in financial position thereof for the year then ended in accordance 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, budgetary comparison information, and pension schedules on pages 7 through 14, 44 through 49, and 50 through 51, respectively, 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, 2015, 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, 2015



COOLEY HEHL  
WOHLGAMUTH & CARLTON  
P. L. L. C. Certified Public Accountants

James R. Cooley, CPA  
David K. Hehl, CPA  
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One South Monroe Street • Monroe, Michigan 48161-2230  
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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, 2015, 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, 2015.

**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 (internal control) 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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as finding 2015-1 that we consider to be a 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 items 2015-1.

### **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, 2015



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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, 2015. 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, 2015.



### **Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2015-1. Our opinion on each major federal program is not modified with respect to these matters.

Bedford Public Schools response to the noncompliance findings identified in our audit is 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 compliance and, accordingly, we express no opinion on the response.

### **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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as finding 2015-1 to be a significant deficiency.

Bedford Public Schools' response to the internal control over compliance findings identified in our audit is 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 compliance and, accordingly, we express no opinion on the response.

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, 2015

# BEDFORD PUBLIC SCHOOLS

## *Management's Discussion and Analysis Year Ended June 30, 2015*

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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, 2015. 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*

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

### ***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, 2015*

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### ***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, 2015

#### 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:

#### Condensed Statement of Net Position

June 30

(in millions)

	Governmental Activities	
	2015	2014
Current and other assets	\$ 14.5	\$ 15.9
Capital assets	21.4	20.9
Total assets	35.9	36.8
Deferred outflows of resources	7.0	4.6
Current and other liabilities	13.8	14.3
Long-term liabilities	58.9	62.0
Total liabilities	72.7	76.3
Deferred inflows of resources	6.3	0.0
Net position		
Net investment in capital assets	20.5	20.8
Restricted	0.2	0.7
Unrestricted	(56.8)	(56.4)
Total net position	\$ (36.1)	\$ (34.9)

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 a deficit of \$36.1 million at June 30, 2015. Of this amount, \$0.2 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 \$20.5 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.

## BEDFORD PUBLIC SCHOOLS

### Management's Discussion and Analysis Year Ended June 30, 2015

#### District-Wide Financial Analysis – Continued

The \$(56.8) 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.

During the 2014-15 year, the district implemented Governmental Accounting Standard Board Statement Number 68, Accounting and Financial Reporting for Pensions. As a result, amounts for June 30, 2014 in Tables 1 and 2 were restated. Refer to Note 20 for more information.

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 2015 and a comparative analysis with the previous year's activity.

Table 2:

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

	Governmental Activities	
	2015	2014
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 1.8	\$ 1.8
Federal grants	1.0	1.2
State grants and local entitlements	6.1	5.3
General Revenues:		
Property taxes	4.5	6.7
State foundation allowance	28.9	29.4
Other general revenues	0.3	0.3
Total revenues	<u>42.6</u>	<u>44.7</u>
<b>Functions/Program Expenses</b>		
Instruction:	25.4	80.6
Support services:	14.3	13.8
Community services	1.2	1.3
Athletics	0.8	0.8
Food service	1.2	1.3
Debt interest	0.1	0.2
Depreciation	0.8	0.9
Total expenses	<u>43.8</u>	<u>98.9</u>
<b>Increase (decrease) in net position</b>	<u>\$ (1.2)</u>	<u>\$ (54.2)</u>

## BEDFORD PUBLIC SCHOOLS

Management's Discussion and Analysis  
Year Ended June 30, 2015

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### District-Wide Financial Analysis - Concluded

As reported in the Statement of Activities, the cost of all of our *governmental* activities this year was \$43.6 million. However, the amount that our taxpayers ultimately financed for these activities through property taxes and local revenues was only \$33.7 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 \$4.5 million in taxes, \$28.9 million in State Foundation Allowance, and \$0.3 million in other revenues, like interest and general entitlements.

### 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 \$808,117, which is a decrease of \$842,620 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>
<b>Fund balances - Beginning of year</b>	\$708,458	\$76,678	\$62,509	\$803,092	\$1,650,737
Increase (decrease)	<u>(372,213)</u>	<u>(29,025)</u>	<u>(60,407)</u>	<u>(380,975)</u>	<u>(842,620)</u>
<b>Fund balances - End of year</b>	<u>\$336,245</u>	<u>\$47,653</u>	<u>\$2,102</u>	<u>\$422,117</u>	<u>\$808,117</u>

## BEDFORD PUBLIC SCHOOLS

### Management's Discussion and Analysis Year Ended June 30, 2015

#### Fund Financial Analysis – Concluded

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, 2015</u>	<u>June 30, 2014</u>	<u>Percent Change</u>
<b>Revenues</b>			
Local sources	\$3,839,971	\$3,822,865	0.4%
State sources	33,367,659	32,877,652	1.5%
Federal sources	530,762	598,366	(11.3)%
Interdistrict and other sources	1,210,452	1,378,495	(12.2)%
Proceeds from debt	926,528	0	100.00%
Transfers in	27,680	45,774	(39.5)%
<b>Total Revenues</b>	<u>\$39,903,052</u>	<u>\$38,723,152</u>	3.0%

Table 4:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percent Change</u>
<b>Expenditures</b>			
Instruction	\$25,262,308	\$24,257,569	4.1%
Support services	14,815,679	13,217,636	12.1%
Interdistrict and other uses	962	350	174.9%
Debt service	172,262	349,507	(50.7)%
Transfers out	24,054	0	100.0%
	<u>\$40,275,265</u>	<u>\$37,825,062</u>	6.5%

#### 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 adopted just before year-end.

There were revisions made to the 2014-2015 General Fund original budget. Budgeted revenues and transfers in were decreased \$0.5 million due to changes in revenue from state and federal sources and proceeds from the issuance of bonds.

Budgeted expenditures and transfers out were amended based on mid-year adjustments to general administration, pupil transportation, and debt service, for a variance in budgeted expenditures of \$441,563. See the Budgetary Comparison Schedule for original and final budget numbers.

## BEDFORD PUBLIC SCHOOLS

### *Management's Discussion and Analysis Year Ended June 30, 2015*

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#### **Capital Asset and Debt Administration**

##### ***Capital Assets***

At June 30, 2015, the School had \$46.2 million invested in a broad range of capital assets, including land, land improvements, buildings, equipment, and vehicles. This amount includes additions of \$1,268,412 in capital assets. The additions consisted of ten buses, a sewer project, a boiler replacement, roofing projects, and a kiln. The district had disposals of \$322,619 for five buses and a truck.

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, 2015.

Table 5:

	<b>Capital Assets at Year-end</b>	
	<b>June 30</b>	
	<b>2015</b>	<b>2014</b>
Land and land improvements	\$ 1,197,168	\$ 1,197,168
Buildings and building improvements	39,346,709	39,011,610
Machinery and equipment	982,103	975,318
Vehicles	4,654,809	4,050,900
	<hr/>	<hr/>
Total Capital Assets	46,180,789	45,234,996
Less: Accumulated Depreciation	(24,764,278)	(24,294,380)
	<hr/>	<hr/>
Net Capital Assets	<u>\$ 21,416,511</u>	<u>\$ 20,940,616</u>

##### ***Debt Administration***

The School District issued \$926,528 for the bus note payable during the 2014-2015 year. At June 30, 2015, the balance of these bonds was \$778,985.

The School had \$103,513 for the stadium note payable versus \$128,580 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 \$9.0 million in state aid anticipation notes payable versus \$9.5 million last year. See Note 13 for more details regarding short-term debt activity.



## **BEDFORD PUBLIC SCHOOLS**

*Management's Discussion and Analysis  
Year Ended June 30, 2015*

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### **Development of the 2015-2016 Fiscal Year Budget**

Our elected officials and administration consider many factors when setting the School's 2015-2016 fiscal year (FY-16) 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-16 budget was adopted in June 2015, based on an estimate of students that will be enrolled in September 2015. 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-16.

We have projected to match our expenditures to our revenues for the 2015-2016 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.

### **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.

## BASIC FINANCIAL STATEMENTS

## DISTRICT - WIDE FINANCIAL STATEMENTS

**BEDFORD PUBLIC SCHOOLS**

*Statement of Net Position  
June 30, 2015*

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$8,045,354
Accounts/taxes receivable	107,225
Due from other governmental units	6,314,457
Prepaid expenses	20,846
Inventories	38,942
Capital assets, net	21,416,511
	<hr/>
Total Assets	35,943,335
	<hr/>
<b>Deferred Outflows of Resources</b>	
Deferred amount of pension expense	7,007,062
	<hr/>
<b>Liabilities</b>	
Accounts payable	922,298
Accrued wages and benefits	3,080,689
Other payables	4,028
Accrued interest payable	90,104
Unearned revenue	109,246
Notes payable	9,000,000
Dut to other governmental units	514,705
Long-term liabilities:	
Net pension liability	57,250,349
Due within one year	24,940
Due in more than one year	1,743,015
	<hr/>
Total Liabilities	72,739,374
	<hr/>
<b>Deferred Inflows of Resources</b>	
Deferred amount of net pension liability	6,329,049
	<hr/>
<b>Net Position</b>	
Net investment in capital assets	20,531,650
Restricted for:	
Capital projects	229,106
Technology millage	47,653
Unrestricted net position	(56,926,435)
	<hr/>
Total Net Position	(\$36,118,026)
	<hr/> <hr/>

See accompanying notes to the basic financial statements.



## FUND FINANCIAL STATEMENTS

**BEDFORD PUBLIC SCHOOLS***Governmental Funds  
Balance Sheet  
June 30, 2015*

	General	Technology Enhancement
<b>Assets</b>		
Cash and cash equivalents	\$7,500,713	\$50,898
Receivables:		
Accounts	30,754	0
Due from other governmental units	6,294,995	0
Due from other funds	0	0
Prepaid expenditures	9,667	7,410
Inventories	26,491	0
	<hr/>	<hr/>
Total Assets	\$13,862,620	\$58,308
	<hr/> <hr/>	<hr/> <hr/>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$847,143	\$5,057
Accrued wages and benefits	3,022,631	5,598
Other payables	4,028	0
Accrued interest payable	87,741	0
Notes payable	9,000,000	0
Due to other governmental units	514,705	0
Due to other funds	700	0
Unearned revenue	49,427	0
	<hr/>	<hr/>
Total Liabilities	13,526,375	10,655
<b>Fund Balances</b>		
Nonspendable:		
Prepaid expenditures	9,667	7,410
Inventory	26,491	0
Restricted for:		
Technology enhancement	0	40,243
Community service	0	0
Capital projects	0	0
Assigned to:		
Capital projects	0	0
Unassigned	300,087	0
	<hr/>	<hr/>
Total Fund Balances	336,245	47,653
	<hr/> <hr/>	<hr/> <hr/>
Total Liabilities and Fund Balances	\$13,862,620	\$58,308

See accompanying notes to the basic financial statements.

Capital Maintenance	Other Nonmajor Governmental Funds	Totals
\$2,702	\$491,041	\$8,045,354
0	76,471	107,225
0	19,462	6,314,457
0	700	700
0	3,769	20,846
0	12,451	38,942
<u>\$2,702</u>	<u>\$603,894</u>	<u>\$14,527,524</u>
\$600	\$69,498	\$922,298
0	52,460	3,080,689
0	0	4,028
0	0	87,741
0	0	9,000,000
0	0	514,705
0	0	700
0	59,819	109,246
<u>600</u>	<u>181,777</u>	<u>13,719,407</u>
0	0	17,077
0	0	26,491
0	0	40,243
0	195,113	195,113
0	227,004	227,004
2,102	0	2,102
0	0	300,087
<u>2,102</u>	<u>422,117</u>	<u>808,117</u>
<u>\$2,702</u>	<u>\$603,894</u>	<u>\$14,527,524</u>



**BEDFORD PUBLIC SCHOOLS**

*Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
Year Ended June 30, 2015*

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<b>Total Fund Balances - Governmental Funds</b>		\$808,117
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	46,180,789	
Accumulated depreciation	<u>(24,764,278)</u>	21,416,511
Deferred outflows of resources from subsequent pension expense from measurement date		7,007,062
Deferred inflows of resources resulting from net pension liability		(6,329,049)
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:		
Net pension liability	(57,250,349)	
Other notes	(882,498)	
Compensated absences	<u>(885,457)</u>	(59,020,667)
<b>Total Net Position - Governmental Activities</b>		<u><u>(\$36,118,026)</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, 2015*

	<u>General</u>	<u>Technology Enhancement</u>
<b>Revenues</b>		
Local sources	\$3,839,971	\$1,188,609
State sources	33,367,659	40,534
Federal sources	530,762	0
Interdistrict and other sources	<u>1,210,452</u>	<u>0</u>
Total Revenues	38,948,844	1,229,143
<b>Expenditures</b>		
Current:		
Instruction	25,262,308	0
Support services	14,038,230	1,258,168
Food service	0	0
Athletics	777,449	0
Community services	0	0
Interdistrict and other uses	962	0
Debt Service:		
Principal retirement	39,610	0
Interest and fiscal charges	132,652	0
Other	<u>0</u>	<u>0</u>
Total Expenditures	<u>40,251,211</u>	<u>1,258,168</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,302,367)	(29,025)
<b>Other Financing Sources (Uses)</b>		
Proceeds from the issuance of debt	926,528	0
Operating transfers in	27,680	0
Operating transfers out	<u>(24,054)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>930,154</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	(372,213)	(29,025)
Fund Balances - Beginning of year	<u>708,458</u>	<u>76,678</u>
Fund Balances - End of year	<u>\$336,245</u>	<u>\$47,653</u>

See accompanying notes to the basic financial statements.

Capital Maintenance	Other Nonmajor Governmental Funds	Totals
\$57	\$1,878,560	\$6,907,197
0	66,818	33,475,011
0	508,913	1,039,675
0	0	1,210,452
57	2,454,291	42,632,335
0	0	25,262,308
60,464	247,338	15,604,200
0	1,251,180	1,251,180
0	0	777,449
0	1,198,061	1,198,061
0	0	962
0	133,000	172,610
0	0	132,652
0	2,061	2,061
60,464	2,831,640	44,401,483
(60,407)	(377,349)	(1,769,148)
0	0	926,528
0	35,382	63,062
0	(39,008)	(63,062)
0	(3,626)	926,528
(60,407)	(380,975)	(842,620)
62,509	803,092	1,650,737
\$2,102	\$422,117	\$808,117

**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, 2015*

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<b>Total Net Change in Fund Balances - Governmental Funds</b>	(\$842,620)
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	(\$792,517)
Capital outlay	1,268,412
	<hr/>
	475,895
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	172,610
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in pension liability	3,631,658
Net change in the deferred inflow of resources related to the net pension liability	(6,329,049)
Net change between actual pension contributions and the cost of benefits earned net of employer contributions	2,445,672
Long-term debt issuance is reported as an other financing source in the governmental funds. Long-term debt is not a revenue in the statement of activities.	(926,528)
Accrued interest is recorded in the statement of activities when incurred; it is not reported in the governmental funds until paid.	(2,363)
Decreases in the liabilities for compensated absences pay are reported as an expenditure in the statement of activities, but not in the governmental funds:	116,557
	<hr/>
<b>Change in Net Position of Governmental Activities</b>	<b>(\$1,258,168)</b>

See accompanying notes to the basic financial statements.

**BEDFORD PUBLIC SCHOOLS**

*Fiduciary Fund*  
*Statement of Fiduciary Net Position*  
*June 30, 2015*

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	<u>Agency Fund</u> <u>Student Activities</u>
<b>Assets</b>	
Cash and cash equivalents	<u>\$621,324</u>
<b>Liabilities</b>	
Due to students	<u>\$621,324</u>

See accompanying notes to the basic financial statements.

## **BEDFORD PUBLIC SCHOOLS**

*Notes to the Financial Statements  
Year Ended June 30, 2015*

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### **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, 2015*

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### **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, 2015*

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### **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, 2015*

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### **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, 2015, 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, 2015*

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### **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, 2015*

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### **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. Deferred Outflows of Resources**

In addition to assets, the statement of net 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. The District has two items that qualify for reporting in this category. They are the deferred charge on refunding and pension contributions reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow is recognized for pension contributions made after the plan's measurement date, but before the fiscal year end. The amount is expensed in the plan year in which it applies.

#### **M. Deferred Inflows of Resources**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows 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. The district has two items that qualify for reporting in this category. They are the future resources yet to be recognized in relation to the pension actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension liability and the actual results. The amounts are amortized over a period determined by the actuary.

#### **N. 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.

#### **O. 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.

## BEDFORD PUBLIC SCHOOLS

*Notes to the Financial Statements  
Year Ended June 30, 2015*

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### **Note 2 - Summary of Significant Accounting Policies** (continued)

#### **P. 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.

#### **Q. 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.

#### **R. 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 2015.

#### **S. 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.

**BEDFORD PUBLIC SCHOOLS**

*Notes to the Financial Statements  
Year Ended June 30, 2015*

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**Note 2 - Summary of Significant Accounting Policies** (concluded)

**T. 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.

**U. Subsequent Events**

The School District's management evaluated subsequent events from June 30, 2015 through October 14, 2015, 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, 2015, the School incurred expenditures in certain budgetary functions which were in excess of the amounts appropriated.

For the year ended June 30, 2015, expenditures exceeded final budgeted amounts in the following funds:

	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Health Van Fund	\$105,515	\$105,663	(\$148)
Recreation Fund	389,515	398,660	(9,145)
Latchkey Fund	256,482	256,706	(224)
Summer Latchkey Fund	82,203	82,739	(536)

**Note 4 - Deposits and Investments**

As of June 30, 2015, the School District's deposits and investments are all on deposit with Monroe Bank and Trust, Key Bank, and Fifth Third Bank.

**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.** The School District 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 listed in the School District's investment policy; and pre-qualifying the financial institutions, broker/dealer, intermediaries and advisors with which the School District will do business in accordance with the School District's investment policy.

## BEDFORD PUBLIC SCHOOLS

*Notes to the Financial Statements  
Year Ended June 30, 2015*

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### **Note 4 - Deposits and Investments** (concluded)

**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 \$9,483,329 invested in certificates of deposit, checking accounts, and money markets. The School District's deposits are insured by the FDIC in the amount of \$1,071,886. Uninsured deposits are \$8,411,443.

**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, 2015.

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, 2014 on assessed valuations as of December 1, 2013. Taxes were collected beginning December 1, 2014, and payments were due by February 14, 2015. Taxable values are based on a percentage of the fair market value of the assessed property. The following is a summary of the 2014 property tax levy:

	<u>Taxable Values</u>	<u>Mills Levied</u>	<u>Taxes Levied</u>
General Fund:			
Non-Primary Residence Exemption	\$184,122,276	18.0000	\$3,314,201
Commercial Personal Property	12,477,041	6.0000	<u>74,862</u>
			<u><u>\$3,389,063</u></u>

**BEDFORD PUBLIC SCHOOLS**

*Notes to the Financial Statements  
Year Ended June 30, 2015*

**Note 6 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance at July 1, 2014	Additions	Reductions	Balance at June 30, 2015
Governmental Activities				
Land and land improvements	\$1,197,168	\$0	\$0	\$1,197,168
Buildings and buildings improvements	39,011,610	335,099	0	39,346,709
Machinery and equipment	975,318	6,785	0	982,103
Vehicles	4,050,900	926,528	322,619	4,654,809
Total capital assets	45,234,996	1,268,412	322,619	46,180,789
Less accumulated depreciation:				
Land improvements	(1,166,524)	(10,052)	0	(1,176,576)
Buildings and buildings improvements	(18,227,185)	(661,010)	0	(18,888,195)
Machinery and equipment	(889,947)	(22,789)	0	(912,736)
Vehicles	(4,010,724)	(98,666)	(322,619)	(3,786,771)
Total accumulated depreciation	(24,294,380)	(792,517)	(322,619)	(24,764,278)
Net capital assets	\$20,940,616	\$475,895	\$0	\$21,416,511

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

**Note 7 - Interfund Assets, Liabilities and Transfers**

Interfund balances at June 30, 2015 consisted of the following individual fund receivables and payables:

Due To	Due From
Sinking	General
	\$700

Interfund transfers for the year ended June 30, 2015 consisted of the following:

Transfer To	Transfer From					TOTAL
	General	Senior Center	Recreation	Summer Latchkey	2005 Refunding School Bond	
General	\$0	\$16,652	\$8,219	\$768	\$2,041	\$27,680
Food Service	24,054	0	0	0	0	24,054
Health Van	0	0	3,024	0	0	3,024
Latchkey	0	0	8,304	0	0	8,304
	\$24,054	\$16,652	\$19,547	\$768	\$2,041	\$63,062

## BEDFORD PUBLIC SCHOOLS

*Notes to the Financial Statements  
Year Ended June 30, 2015*

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### **Note 7 - Interfund Assets, Liabilities and Transfers** (concluded)

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.

### **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**

**Plan Description** - The Michigan Public School Employees' Retirement System (MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. MPERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at <http://michigan.gov/orsschools/0,1607,7-206-36585-,00.html>.

**Benefits Provided** - Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

**Pension Reform 2010** - On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPERS) who became a member of MPERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

**Pension Reform 2012** - On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013. Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.



## BEDFORD PUBLIC SCHOOLS

*Notes to the Financial Statements  
Year Ended June 30, 2015*

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### **Note 9 - Defined Benefit Pension Plans and Postemployment Benefits (Continued)**

#### **Regular Retirement (no reduction factor for age)**

**Eligibility** - Age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, any age with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through 60th birthday and has credited service in each of the last 5 years. For Pension Plus (PPP) members, age 60 with 10 years of credited service.

**Annual Amount** - Total credited service as of the Transition Date times 1.5% of final average compensation.

**Pension Plus** - An amount determined by the member's election of Option 1, 2, 3, or 4 described below.

Option 1 - Credited Service after the Transition Date times 1.5% times FAC.

Option 2 - Credited Service after the Transition Date (until total service reaches 30 years) times 1.5% times FAC, PLUS Credited Service after the Transition Date and over 30 years times 1.25% times FAC.

Option 3 - Credited Service after the Transition Date times 1.25% times FAC. Option 4 - None (Member will receive benefit through a Defined Contribution plan).

**Final Average Compensation** - Average of highest 60 consecutive months (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected option 4, in which case the FAC is calculated at the Transition Date.

**Member Contributions** - The majority of the members currently participate on a contributory basis, under a variety of options "Benefits Provided." School districts are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of members and retiree Other Post-Employment Benefits (OPEB). Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

**Employer Contributions** - Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

The District's pension contributions for the year ended June 30, 2015 were equal to the required contribution total. Pension contributions were approximately \$8,250,109, with \$6,775,158 specifically for the Defined Benefit Plan. These amounts include Section 147 contributions also.

#### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Pension Liabilities** - At June 30, 2015, the District reported a liability of \$57,250,349 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2013 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2014, the District's proportion was 0.25992 percent.

**BEDFORD PUBLIC SCHOOLS**

*Notes to the Financial Statements  
Year Ended June 30, 2015*

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended June 30, 2015, the District recognized pension expense of \$4,637,592. At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Changes of assumptions	\$2,112,415	\$0
Changes in proportion and differences between school district contributions and proportionate share of contributions	587	0
Net differences between projected and actual plan investments earnings	0	(6,329,049)
School district's contributions subsequent to the measurement date	<u>4,894,060</u>	<u>0</u>
	<u><u>\$7,007,062</u></u>	<u><u>(\$6,329,049)</u></u>

Deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date were \$4,894,060, and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	<u>Amount</u>
2015	(\$1,032,817)
2016	(1,032,817)
2017	(1,032,817)
2018	(1,117,596)

Actuarial Assumptions - Investment rate of return - 8.0% a year, compounded annually net of investment and administrative expenses for the Non-Hybrid groups and 7.0% a year, compounded annually net of investment and administrative expenses for the Hybrid group (Pension Plus plan).

Salary increases - The rate of pay increase used for individual members is 3.5%.

Inflation - 2.5%

## BEDFORD PUBLIC SCHOOLS

Notes to the Financial Statements  
Year Ended June 30, 2015

### **Note 9 - Defined Benefit Pension Plans and Postemployment Benefits (Continued)**

**Mortality assumptions** - The healthy life post-retirement mortality table used in this valuation of the System was the RP-2000 Female Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. The final rates used include no margin for future mortality improvement. This assumption is used to measure the probabilities of each benefit payment being made after retirement.

**Experience study** - The annual actuarial valuation report of the System used for these statements is dated September 30, 2014. An assumption experience study is performed every five years. The actuarial assumptions used in the September 30, 2014 valuation were based on the results of an actuarial experience study for the period October 1, 2008 to September 30, 2013. As a result of this actuarial experience study, the actuarial assumptions were adjusted to more closely reflect actual experience.

**The long-term expected rate of return on pension plan investments** - The rate was 8% (7% Pension Plus Plan) net of investment and administrative expenses was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	28.00%	4.80%
Alternate Investment Pools	18.00%	8.50%
International Equity	16.00%	6.10%
Fixed Income Pools	10.50%	1.50%
Real Estate and Infrastructure Pools	10.00%	5.30%
Absolute Return Pools	15.50%	6.30%
Short Term Investment Pools	2.00%	(0.2)%
	<u>100.00%</u>	

\* Long term rate of return does not include 2.50% inflation.

**Discount rate** - The discount rate used to measure the total pension liability was 8% (7% for Pension Plus Plan). The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from school districts will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**BEDFORD PUBLIC SCHOOLS**

*Notes to the Financial Statements  
Year Ended June 30, 2015*

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

**Discount rate (Concluded)**

Sensitivity of the net pension liability to changes in the discount rate - The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.0 percent) or 1 percentage point higher (9.0 percent) than the current rate:

	<u>1% Lower (7.0%)</u>	<u>Discount Rate (8.0%)</u>	<u>1% Higher (9.0%)</u>
School District's proportionate share of the net pension liability	<u>\$75,479,599</u>	<u>\$57,250,349</u>	<u>\$41,891,936</u>

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2014 Comprehensive Annual Financial Report, available here: <http://michigan.gov/orsschools/0,1607,7-206-36585---,00.html>.

**Benefit Provisions - Other Postemployment**

**Introduction**

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree health care recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP-Graded plan members), the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008, (MIP-Plus plan members), have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date.

Public Act 75 of 2010 requires each actively employed member of MPSERS after June 30, 2010 to annually contribute 3% of their compensation to offset employer contributions for health care benefits of current retirees.

Retiree Healthcare Reform of 2012 - Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after December 1, 2012.

## BEDFORD PUBLIC SCHOOLS

Notes to the Financial Statements  
Year Ended June 30, 2015

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

#### **Retiree Healthcare Reform of 2012 (Concluded)**

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions will be deposited into their 401(k) accounts.

**Employer Contributions** - The District postemployment healthcare contributions to MPSERS for the year ended June 30, 2015 were approximately \$776,000.

### **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.

### **Note 11 - Long-Term Debt and Other Obligations**

Long-term debt and other long-term obligations of the School at June 30, 2015 were as follows:

	Balance at July 1, 2014	Additions	Payments	Balance at June 30, 2015	Amounts Due in One Year
Governmental Activities:					
Notes Payable:					
Bus Installment Purchase Agreement	\$0	\$926,528	\$147,543	\$778,985	\$150,228
Stadium Note - 525509777	128,580	0	25,067	103,513	26,025
Other Liabilities:					
Compensated Absences Payable	1,002,014	0	116,557	885,457	0
Total Governmental Activities	<u>\$1,130,594</u>	<u>\$926,528</u>	<u>\$289,167</u>	<u>\$1,767,955</u>	<u>\$176,253</u>

**BEDFORD PUBLIC SCHOOLS**

*Notes to the Financial Statements  
Year Ended June 30, 2015*

**Note 11 - Long-Term Debt and Other Obligations** (Continued)

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:

	Balance <u>June 30, 2015</u>
Notes Payable:	
Education Plus Credit Union Installment Purchase Agreement: Limited tax general obligation note, with principal amount and interest of \$164,406 annually, interest at 1.82%, with the balance of principal and interest due May 1, 2020, secured by buses.	\$778,985
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>103,513</u>
	<u>\$882,498</u>

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

Bus Note Payable (Limited Tax)

	Interest Due <u>May 1</u>	Principal Due <u>May 1</u>	Total <u>Requirements</u>
2016	\$14,178	\$150,228	\$164,406
2017	11,443	152,963	164,406
2018	8,660	155,746	164,406
2019	5,825	158,581	164,406
2020	<u>2,938</u>	<u>161,467</u>	<u>164,405</u>
	<u>\$43,044</u>	<u>\$778,985</u>	<u>\$822,029</u>

Stadium Note Payable

	Interest <u>Requirements</u>	Principal <u>Requirements</u>	Total <u>Requirements</u>
2016	\$3,975	\$26,025	\$30,000
2017	<u>4,851</u>	<u>77,488</u>	<u>82,339</u>
	<u>\$8,826</u>	<u>\$103,513</u>	<u>\$112,339</u>

**BEDFORD PUBLIC SCHOOLS**

*Notes to the Financial Statements  
Year Ended June 30, 2015*

**Note 11 - Long-Term Debt and Other Obligations (Concluded)**

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

<u>Year Ending June 30</u>	<u>Interest Requirements</u>	<u>Principal Requirements</u>	<u>Total Requirements</u>
2016	\$18,153	\$176,253	\$194,406
2017	16,294	230,451	246,745
2018	8,660	155,746	164,406
2019	5,825	158,581	164,406
2020	2,938	161,467	164,405
	<u>\$51,870</u>	<u>\$882,498</u>	<u>\$934,368</u>

**Note 12 - Lease Commitments**

**Operating Lease**

The School District entered into an operating lease with Perry Protech for the use of copiers. The lease term is sixty (60) months, ending August 4, 2020. The cost per year will vary due to the flexible use of equipment and the number of copies produced per month. An average cost per year will be approximately \$42,062 per year.

<u>Year Ending June 30</u>	<u>Amount</u>
2016	\$42,062
2017	42,062
2018	42,062
2019	42,062
2020	7,010
	<u>\$175,258</u>

**Note 13 - 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, 2015.

**B. Litigation**

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

## BEDFORD PUBLIC SCHOOLS

*Notes to the Financial Statements  
Year Ended June 30, 2015*

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### **Note 14 – 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, 2015. 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, 2015, was as follows:

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

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

### **Note 15 – 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 16 – 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 17 – 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, 2015, the School incurred claims of \$3,700.

### **Note 18 – 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 19 – 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

*Notes to the Financial Statements  
Year Ended June 30, 2015*

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### **Note 20 – New Accounting Standard**

For the year ended June 30, 2015 the District implemented the following new pronouncements: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Summary:

GASB Statement No. 68 requires governments that participate in defined benefit pension plans to report in their statement of net position an actuarial calculation. The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. The statement requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the pension liabilities and expense.

GASB Statement No. 71 addressed the issue of contributions made to the defined benefit pension plans after the measurement date for the year in which GASB Statement No. 68 is implemented. The effect is to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual basis financial statements.

The restatement of the beginning of the year net position is as follows:

	Governmental Activities
Net position as previously stated July 1, 2014	\$21,460,759
Adoption of GASB 68 and 71	
Net pension liability	(60,882,007)
Deferred outflows	4,561,390
Net position as restated July 1, 2014	<u>(\$34,859,858)</u>

### **Note 21 - Upcoming Accounting Pronouncement**

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued by the GASB in June 2015 and will be effective for the District's 2018 fiscal year. The Statement requires governments that participate in defined benefit other post-employment benefit (OPEB) plans to report in the statement of net position a net OPEB liability. The net OPEB liability is the difference between the total OPEB liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. Statement 75 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net OPEB liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the OPEB liabilities and expense.

**REQUIRED SUPPLEMENTAL INFORMATION**

**BEDFORD PUBLIC SCHOOLS***General Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local sources	\$3,796,286	\$3,863,556	\$3,839,971	(\$23,585)
State sources	33,878,645	33,565,026	33,367,659	(197,367)
Federal sources	789,020	691,026	530,762	(160,264)
Interdistrict and other sources	1,354,944	1,214,346	1,210,452	(3,894)
<b>Total Revenues</b>	<b>39,818,895</b>	<b>39,333,954</b>	<b>38,948,844</b>	<b>(385,110)</b>
<b>Expenditures</b>				
Current:				
Instruction	25,357,958	25,449,124	25,262,308	186,816
Support services	14,161,224	14,746,338	14,815,679	(69,341)
Interdistrict and other uses	16,309	0	962	(962)
Debt Service:				
Principal retirement	200,000	39,600	39,610	(10)
Interest and fiscal charges	98,211	145,315	132,652	12,663
<b>Total Expenditures</b>	<b>39,833,702</b>	<b>40,380,377</b>	<b>40,251,211</b>	<b>129,166</b>
Excess (Deficiency) of Revenues Over Expenditures	(14,807)	(1,046,423)	(1,302,367)	(255,944)
<b>Other Financing Sources (Uses)</b>				
Proceeds from the issuance of debt	0	926,528	926,528	0
Operating transfer in	48,000	82,000	27,680	(54,320)
Operating transfer out	0	0	(24,054)	(24,054)
<b>Total Other Financing Sources (Uses)</b>	<b>48,000</b>	<b>1,008,528</b>	<b>930,154</b>	<b>(78,374)</b>
<b>Net Change in Fund Balances</b>	<b>33,193</b>	<b>(37,895)</b>	<b>(372,213)</b>	<b>(334,318)</b>
Fund Balances - Beginning of year	41,142	708,458	708,458	0
Fund Balances - End of year	<u>\$74,335</u>	<u>\$670,563</u>	<u>\$336,245</u>	<u>(\$334,318)</u>

**BEDFORD PUBLIC SCHOOLS**

*General Fund  
Schedule of Revenues-Budget and Actual  
Year Ended June 30, 2015*

	Final Budget	Actual	Positive (Negative) Budget
<b>Local Sources</b>			
Property taxes	\$3,265,000	\$3,264,969	(\$31)
Local contributions	36,000	36,000	0
Rental income	99,000	95,313	(3,687)
Tuition	61,881	60,304	(1,577)
Earnings on investments	3,800	3,831	31
Athletics	260,270	260,225	(45)
Other local revenue	137,605	119,329	(18,276)
<b>Total Local Sources</b>	<b>3,863,556</b>	<b>3,839,971</b>	<b>(23,585)</b>
<b>State Sources</b>			
Unrestricted grants:			
Proposal A obligation	17,497,137	17,496,221	(916)
Discretionary payment	10,606,149	10,605,326	(823)
Best practices	224,250	231,819	7,569
Performance based	0	0	0
Foundation equity	560,022	560,689	667
Renaissance zone	17,139	17,140	1
Restricted grants:			
Adult education	27,225	21,187	(6,038)
Special education Headlee obligation	1,250,000	1,182,476	(67,524)
Headlee obligation for data collection	112,444	112,061	(383)
At risk	587,196	537,769	(49,427)
MPSERS cost offset	306,744	306,323	(421)
MPSERS UAAL	1,933,669	1,935,778	2,109
Vocational education	2,778	2,778	0
Other state grants	60,910	61,130	220
Transfer from intermediate school district:			
School readiness	293,700	210,482	(83,218)
Vocational education added costs	85,663	86,480	817
<b>Total State Sources</b>	<b>33,565,026</b>	<b>33,367,659</b>	<b>(197,367)</b>
<b>Federal Sources</b>			
Title I	421,488	279,873	(141,615)
Title II - improving teacher quality	162,291	143,936	(18,355)
Title III - limited english proficient	4,103	4,102	(1)
Federal adult education ABE instruction	41,148	40,000	(1,148)
Transfer from intermediate school district:			
Medicaid outreach program	5,000	6,455	1,455
McKinney-Vento homeless students' assistance	600	0	(600)
Perkins	56,396	56,396	0
<b>Total Federal Sources</b>	<b>691,026</b>	<b>530,762</b>	<b>(160,264)</b>
<b>Interdistrict and Other Sources</b>			
Section 74 transportation	5,000	4,615	(385)
Miscellaneous sources	22,800	19,291	(3,509)
Transfer from intermediate school district:			
County special education tax	1,186,546	1,186,546	0
<b>Total Interdistrict and Other Sources</b>	<b>1,214,346</b>	<b>1,210,452</b>	<b>(3,894)</b>
<b>Total Revenues</b>	<b>39,333,954</b>	<b>38,948,844</b>	<b>(385,110)</b>
<b>Other Financing Sources</b>			
Proceeds from the issuance of debt	926,528	926,528	0
Transfer in from other funds	82,000	27,680	(54,320)
<b>Total Revenues and Other Financing Sources</b>	<b>\$40,342,482</b>	<b>\$39,903,052</b>	<b>(\$439,430)</b>

**BEDFORD PUBLIC SCHOOLS**

*General Fund  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2015*

	Salaries	Employee Benefits	Purchased Services
<b>Instruction</b>			
Basic Programs:			
Elementary	\$5,502,930	\$3,597,359	\$104,061
Middle School	2,738,535	1,823,056	61,478
High School	3,941,229	2,492,737	135,490
Other basic programs	209,540	69,923	4,427
	<u>12,392,234</u>	<u>7,983,075</u>	<u>305,456</u>
Added Needs:			
Special education	1,590,475	952,164	37,751
Compensatory education	481,501	189,912	2,457
Vocational education	421,660	227,591	11,474
	<u>2,493,636</u>	<u>1,369,667</u>	<u>51,682</u>
Adult and Continuing Education:			
Basic	12,433	4,220	1,895
Secondary	5,484	1,827	1,120
Enrichment	33,022	18,757	34,815
	<u>50,939</u>	<u>24,804</u>	<u>37,830</u>
Other Instructional Services	0	9,250	0
	<u>0</u>	<u>9,250</u>	<u>0</u>
Total Instruction	14,936,809	9,386,796	394,968
<b>Support Services</b>			
Pupil:			
Truancy/absenteeism	28,618	9,348	0
Guidance	392,440	257,783	0
Health	189,629	98,042	10,527
Speech	325,439	232,526	19,914
Other pupil services	77,909	32,958	128,318
	<u>1,014,035</u>	<u>630,657</u>	<u>158,759</u>
Instructional Staff:			
Improvement of instruction	21,436	8,999	154,170
Education media services	159,624	126,416	0
Instruction related technology	0	0	2,245
Supervision direction	13,275	4,438	222
Academic student achievement	0	6	0
Other instructional staff services	298,377	179,332	7,408
	<u>492,712</u>	<u>319,191</u>	<u>164,045</u>
General Administration:			
Board of Education	3,000	6	208,551
Executive administration	316,002	154,585	6,431
	<u>319,002</u>	<u>154,591</u>	<u>214,982</u>
School Administration:			
Office of the principal	1,602,129	968,587	2,988
Other school administration	0	0	0
	<u>1,602,129</u>	<u>968,587</u>	<u>2,988</u>
Business Administration:			
Fiscal services	262,458	154,731	3,573
Other business administration	0	0	18,533
	<u>262,458</u>	<u>154,731</u>	<u>22,106</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$155,823	\$0	\$0	\$9,360,173	\$9,404,817	\$44,644
59,459	0	0	4,682,528	4,660,631	(21,897)
61,025	6,785	151,368	6,788,634	6,796,478	7,844
3,123	0	198	287,211	347,756	60,545
279,430	6,785	151,566	21,118,546	21,209,682	91,136
6,231	0	0	2,586,621	2,555,872	(30,749)
16,674	0	0	690,544	729,103	38,559
80,584	0	60	741,369	829,087	87,718
103,489	0	60	4,018,534	4,114,062	95,528
668	0	0	19,216	20,640	1,424
0	0	0	8,431	8,366	(65)
1,597	0	140	88,331	82,752	(5,579)
2,265	0	140	115,978	111,758	(4,220)
0	0	0	9,250	13,622	4,372
385,184	6,785	151,766	25,262,308	25,449,124	186,816
0	0	0	37,966	37,510	(456)
1,116	0	0	651,339	646,090	(5,249)
4,743	0	0	302,941	305,359	2,418
0	0	0	577,879	584,114	6,235
0	0	19,036	258,221	262,693	4,472
5,859	0	19,036	1,828,346	1,835,766	7,420
26,374	0	498	211,477	204,090	(7,387)
9,940	0	0	295,980	295,750	(230)
0	0	0	2,245	2,294	49
0	0	6,989	24,924	25,038	114
2,350	0	0	2,356	9,977	7,621
1,028	0	937	487,082	483,453	(3,629)
39,692	0	8,424	1,024,064	1,020,602	(3,462)
0	0	9,877	221,434	238,981	17,547
2,123	0	21,970	501,111	513,826	12,715
2,123	0	31,847	722,545	752,807	30,262
5,814	0	4,220	2,583,738	2,561,145	(22,593)
0	0	1,123	1,123	1,123	0
5,814	0	5,343	2,584,861	2,562,268	(22,593)
2,845	0	69,643	493,250	482,198	(11,052)
0	0	0	18,533	18,520	(13)
2,845	0	69,643	511,783	500,718	(11,065)

**BEDFORD PUBLIC SCHOOLS**

*General Fund  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2015*

	Salaries	Employee Benefits	Purchased Services
<b>(Concluded)</b>			
<b>Support Services</b>			
Operation and maintenance	\$1,250,987	\$840,555	\$515,288
Pupil transportation	1,032,612	843,869	136,027
Central Services:			
Planning, research, development, and evaluation	5,324	1,932	0
Information services	0	0	12,777
Staff services	275,365	179,338	40,768
Other central services	0	0	120,150
	<u>280,689</u>	<u>181,270</u>	<u>173,695</u>
Athletics	407,628	206,406	94,861
Other support services	0	0	12,137
Total Support Services	<u>6,662,252</u>	<u>4,299,857</u>	<u>1,494,888</u>
<b>Interdistrict Uses</b>			
Other	0	0	0
<b>Debt Service</b>			
Principal retirement	0	0	0
Interest and fiscal charges	0	0	0
Total Debt Service	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	21,599,061	13,686,653	1,889,856
<b>Other Financing Uses</b>			
Fund Modifications:			
Transfer to other funds	0	0	0
Total Expenditures and Other Financing Uses	<u>\$21,599,061</u>	<u>\$13,686,653</u>	<u>\$1,889,856</u>

<u>Supplies and Materials</u>	<u>Capital Outlay</u>	<u>Other Expenses</u>	<u>Totals</u>	<u>Final Budget</u>	<u>Positive (Negative) Budget</u>
\$879,590	\$719	\$5,617	\$3,492,756	\$3,435,911	(\$56,845)
273,993	926,528	800	3,213,829	3,237,330	23,501
0	0	0	7,256	11,048	3,792
42	0	203	13,022	13,064	42
1,466	0	285	497,222	490,109	(7,113)
0	0	0	120,150	76,051	(44,099)
<u>1,508</u>	<u>0</u>	<u>488</u>	<u>637,650</u>	<u>590,272</u>	<u>(47,378)</u>
46,327	0	22,227	777,449	771,284	(6,165)
0	0	10,259	22,396	39,380	16,984
<u>1,257,751</u>	<u>927,247</u>	<u>173,684</u>	<u>14,815,679</u>	<u>14,746,338</u>	<u>(69,341)</u>
0	0	962	962	0	(962)
0	0	39,610	39,610	39,600	(10)
0	0	132,652	132,652	145,315	12,663
<u>0</u>	<u>0</u>	<u>172,262</u>	<u>172,262</u>	<u>184,915</u>	<u>12,653</u>
1,642,935	934,032	498,674	40,251,211	40,380,377	129,166
0	0	24,054	24,054	0	(24,054)
<u>\$1,642,935</u>	<u>\$934,032</u>	<u>\$522,728</u>	<u>\$40,275,265</u>	<u>\$40,380,377</u>	<u>\$105,112</u>



**BEDFORD PUBLIC SCHOOLS**

*Schedule of the School District's Proportionate Share of the Net Pension Liability  
Michigan Public School Employees Retirement Plan  
Last 10 School District Fiscal Years (Amounts determined as of 9/30 of each year)*

	<u>2014</u>
A. School District's proportion of net pension liability (%)	0.25992%
B. School District's proportion proportionate share of net pension liability	\$57,250,349
C. School District's covered-employee payroll	\$22,289,692
D. School District's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	38.93%
E. Plan fiduciary net position as a percentage of total pension liability	66.20%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE September 30, 2014.

**BEDFORD PUBLIC SCHOOLS**

*Schedule of the School District's Contributions  
Michigan Public School Employees Retirement Plan  
Last 10 School District Fiscal Years (Amounts determined as of 6/30 of each year)*

	<u>2015</u>
A. Statutorily required contributions	<u>\$8,250,109</u>
B. Contributions in relation to statutorily required contributions*	<u>\$8,250,109</u>
C. Contribution deficiency (excess)	<u>\$0</u>
D. School District's covered-employee payroll	\$22,828,272
E. Contributions as a percentage of covered-employee payroll	36.14%

\*Contribution in relation to statutorily required contributions are the contributions a school district actually made to MPSERS, which may differ from the statutorily required contributions.

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE September 30, 2014.

**BEDFORD PUBLIC SCHOOLS**

*Technology Enhancement Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local Sources:				
Taxes	\$1,178,618	\$1,238,618	\$1,188,570	(\$50,048)
Other	0	0	39	39
Total Local Sources	1,178,618	1,238,618	1,188,609	(50,009)
State Sources				
Technology Infrastructure	0	44,910	40,534	(4,376)
Total Revenues	1,178,618	1,283,528	1,229,143	(54,385)
<b>Expenditures</b>				
Current:				
Support services	1,190,346	1,298,570	1,258,168	40,402
Total Expenditures	1,190,346	1,298,570	1,258,168	40,402
<b>Net Change in Fund Balances</b>	(11,728)	(15,042)	(29,025)	(13,983)
Fund Balance - Beginning of year	11,728	76,678	76,678	0
Fund Balance - End of year	\$0	\$61,636	\$47,653	(\$13,983)

## OTHER SUPPLEMENTAL INFORMATION

**BEDFORD PUBLIC SCHOOLS**

*Capital Maintenance Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local Sources:				
Other local revenues	\$0	\$0	\$57	\$57
Total Revenues	0	0	57	57
<b>Expenditures</b>				
Current:				
Support services	137,509	60,464	60,464	0
Total Expenditures	137,509	60,464	60,464	0
Excess (Deficiency) of Revenue Over Expenditures	(137,509)	(60,464)	(60,407)	57
<b>Other Financing Sources (Uses)</b>				
Transfers in	75,000	105	0	(105)
<b>Net Change in Fund Balances</b>	(62,509)	(60,359)	(60,407)	(48)
Fund Balance - Beginning of year	62,509	62,509	62,509	0
Fund Balance - End of year	\$0	\$2,150	\$2,102	(\$48)

**BEDFORD PUBLIC SCHOOLS**

*Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2015*

	Special Revenue Funds				
	Food Service	Senior Center	Health Van	Recreation	Latchkey
<b>Assets</b>					
Cash and cash equivalents	\$778	\$175,711	\$0	\$33,127	\$0
Receivables:					
Accounts	0	32,036	19,537	197	24,701
Due from other governmental units	19,462	0	0	0	0
Due from other funds	0	0	0	0	0
Prepaid expenditures	2,473	196	0	0	1,100
Inventories	12,451	0	0	0	0
<b>Total Assets</b>	<b>\$35,164</b>	<b>\$207,943</b>	<b>\$19,537</b>	<b>\$33,324</b>	<b>\$25,801</b>
<b>Liabilities</b>					
Accounts payable	\$15,730	\$5,068	\$16,503	\$13,377	\$17,236
Accrued wages and benefits	283	7,762	3,034	19,947	8,565
Unearned revenue	19,151	0	0	0	0
<b>Total Liabilities</b>	<b>35,164</b>	<b>12,830</b>	<b>19,537</b>	<b>33,324</b>	<b>25,801</b>
<b>Fund Balances</b>					
Restricted for:					
Community service	0	195,113	0	0	0
Capital projects	0	0	0	0	0
<b>Total Fund Balance</b>	<b>0</b>	<b>195,113</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$35,164</b>	<b>\$207,943</b>	<b>\$19,537</b>	<b>\$33,324</b>	<b>\$25,801</b>

	Debt Service Fund	Capital Projects Fund	
Summer Latchkey	2005 Refunding School Bond	Sinking	Total Nonmajor Governmental Funds
\$54,290	\$0	\$227,135	\$491,041
0	0	0	76,471
0	0	0	19,462
0	0	700	700
0	0	0	3,769
0	0	0	12,451
<u>\$54,290</u>	<u>\$0</u>	<u>\$227,835</u>	<u>\$603,894</u>
\$753	\$0	\$831	\$69,498
12,869	0	0	52,460
40,668	0	0	59,819
54,290	0	831	181,777
0	0	0	195,113
0	0	227,004	227,004
0	0	227,004	422,117
<u>\$54,290</u>	<u>\$0</u>	<u>\$227,835</u>	<u>\$603,894</u>

**BEDFORD PUBLIC SCHOOLS**

*Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2015*

	Special Revenue Funds				
	Food Service	Senior Center	Health Van	Recreation	Latchkey
<b>Revenues</b>					
Local sources	\$670,239	\$385,921	\$69,254	\$418,207	\$247,435
State sources	38,410	0	28,408	0	0
Federal sources	488,346	20,567	0	0	0
<b>Total Revenues</b>	<b>1,196,995</b>	<b>406,488</b>	<b>97,662</b>	<b>418,207</b>	<b>247,435</b>
<b>Expenditures</b>					
Current:					
Support services	0	0	0	0	0
Food service	1,251,180	0	0	0	0
Community services	0	354,293	105,663	398,660	256,706
Debt Service:					
Principal retirement	0	0	0	0	0
Other	0	0	0	0	0
<b>Total Expenditures</b>	<b>1,251,180</b>	<b>354,293</b>	<b>105,663</b>	<b>398,660</b>	<b>256,706</b>
Excess (Deficiency) of Revenues Over Expenditures	(54,185)	52,195	(8,001)	19,547	(9,271)
<b>Other Financing Sources (Uses)</b>					
Transfers in	24,054	0	3,024	0	8,304
Transfers out	0	(16,652)	0	(19,547)	0
<b>Total Other Financing Sources (Uses)</b>	<b>24,054</b>	<b>(16,652)</b>	<b>3,024</b>	<b>(19,547)</b>	<b>8,304</b>
<b>Net Change in Fund Balances</b>	<b>(30,131)</b>	<b>35,543</b>	<b>(4,977)</b>	<b>0</b>	<b>(967)</b>
Fund Balances - Beginning of year	30,131	159,570	4,977	0	967
Fund Balances - End of year	\$0	\$195,113	\$0	\$0	\$0



	Debt Service Fund	Capital Projects Fund	
Summer Latchkey	2005 Refunding School Bond	Sinking	Total Nonmajor Governmental Funds
\$83,507	\$2,897	\$1,100	\$1,878,560
0	0	0	66,818
0	0	0	508,913
83,507	2,897	1,100	2,454,291
0	0	247,338	247,338
0	0	0	1,251,180
82,739	0	0	1,198,061
0	133,000	0	133,000
0	2,061	0	2,061
82,739	135,061	247,338	2,831,640
768	(132,164)	(246,238)	(377,349)
0	0	0	35,382
(768)	(2,041)	0	(39,008)
(768)	(2,041)	0	(3,626)
0	(134,205)	(246,238)	(380,975)
0	134,205	473,242	803,092
\$0	\$0	\$227,004	\$422,117

**BEDFORD PUBLIC SCHOOLS**

*Food Service Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2015*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Budget</u>
<b>Revenues</b>				
Local Sources:				
Food sales	\$693,497	\$694,497	\$670,239	(\$24,258)
State Sources:				
Restricted grants	98,196	45,557	38,410	(7,147)
Federal Sources:				
School lunch program	467,900	436,447	425,838	(10,609)
Federal commodities	76,547	67,000	62,508	(4,492)
	<u>544,447</u>	<u>503,447</u>	<u>488,346</u>	<u>(15,101)</u>
Total Revenues	1,336,140	1,243,501	1,196,995	(46,506)
<b>Expenditures</b>				
Food Service:				
Salaries	375,405	375,899	372,604	3,295
Employee benefits	218,229	199,468	196,758	2,710
Purchased services	195,300	195,842	178,472	17,370
Supplies and materials	512,771	531,709	498,559	33,150
Capital outlay	0	1,306	1,306	0
Other	4,850	3,484	3,481	3
	<u>1,306,555</u>	<u>1,307,708</u>	<u>1,251,180</u>	<u>56,528</u>
Total Expenditures	1,306,555	1,307,708	1,251,180	56,528
Excess (Deficiency) of Revenue Over Expenditures	29,585	(64,207)	(54,185)	10,022
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	24,054	54,054
<b>Net Change in Fund Balances</b>	(415)	(94,207)	(30,131)	64,076
Fund Balance - Beginning of year	<u>415</u>	<u>30,131</u>	<u>30,131</u>	<u>0</u>
Fund Balance - End of year	<u>\$0</u>	<u>(\$64,076)</u>	<u>\$0</u>	<u>\$64,076</u>

**BEDFORD PUBLIC SCHOOLS**

*Senior Center Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2015*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Budget</u>
<b>Revenues</b>				
Local Sources:				
Local unit appropriations	\$223,965	\$251,010	\$264,647	\$13,637
Contributions and donations	11,856	10,632	12,281	1,649
Meals	70,000	70,000	74,791	4,791
Other local revenues	32,026	42,026	34,202	(7,824)
	<u>337,847</u>	<u>373,668</u>	<u>385,921</u>	<u>12,253</u>
Federal Sources:				
Title III, Part C	20,500	20,500	20,567	67
	<u>20,500</u>	<u>20,500</u>	<u>20,567</u>	<u>67</u>
Total Revenues	358,347	394,168	406,488	12,320
<b>Expenditures</b>				
Community Services:				
Salaries	163,762	139,972	140,625	(653)
Employee benefits	84,024	75,633	63,050	12,583
Purchased services	26,639	48,365	43,477	4,888
Supplies and materials	98,500	92,692	92,135	557
Capital outlay	0	9,400	8,569	831
Other	100	6,515	6,437	78
	<u>100</u>	<u>6,515</u>	<u>6,437</u>	<u>78</u>
Total Expenditures	373,025	372,577	354,293	18,284
Excess (Deficiency) of Revenue Over Expenditures	(14,678)	21,591	52,195	(5,964)
<b>Other Financing Sources (Uses)</b>				
Transfers out	(39,090)	(15,000)	(16,652)	(1,652)
	<u>(39,090)</u>	<u>(15,000)</u>	<u>(16,652)</u>	<u>(1,652)</u>
<b>Net Change in Fund Balances</b>	(53,768)	6,591	35,543	(7,616)
Fund Balance - Beginning of year	131,462	159,570	159,570	0
	<u>131,462</u>	<u>159,570</u>	<u>159,570</u>	<u>0</u>
Fund Balance - End of year	\$77,694	\$166,161	\$195,113	(\$7,616)
	<u>\$77,694</u>	<u>\$166,161</u>	<u>\$195,113</u>	<u>(\$7,616)</u>

**BEDFORD PUBLIC SCHOOLS**

*Health Van Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2015*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Budget</u>
<b>Revenues</b>				
Local Sources:				
Local unit appropriations	\$30,000	\$58,000	\$40,293	(\$17,707)
Service fees	9,000	20,000	24,278	4,278
Contributions and donations	1,000	5,000	4,683	(317)
	<u>40,000</u>	<u>83,000</u>	<u>69,254</u>	<u>(13,746)</u>
State Sources:				
Other state grants	40,000	30,650	28,408	(2,242)
	<u>40,000</u>	<u>30,650</u>	<u>28,408</u>	<u>(2,242)</u>
Total Revenues	80,000	113,650	97,662	(15,988)
<b>Expenditures</b>				
Community Services:				
Salaries	37,000	54,257	55,312	(1,055)
Employee benefits	6,000	19,760	18,595	1,165
Purchased services	2,000	3,032	2,548	484
Supplies and materials	25,775	28,368	29,110	(742)
Other	225	98	98	0
	<u>71,000</u>	<u>105,515</u>	<u>105,663</u>	<u>(148)</u>
Total Expenditures	71,000	105,515	105,663	(148)
Excess (Deficiency) of Revenue Over Expenditures	9,000	8,135	(8,001)	(16,136)
<b>Other Financing Sources (Uses)</b>				
Transfers in	0	0	3,024	3,024
Transfers out	(2,500)	(3,000)	0	3,000
	<u>(2,500)</u>	<u>(3,000)</u>	<u>3,024</u>	<u>6,024</u>
Total Other Financing Sources (Uses)	(2,500)	(3,000)	3,024	6,024
<b>Net Change in Fund Balances</b>	6,500	5,135	(4,977)	(10,112)
Fund Balance - Beginning of year	(4,638)	4,977	4,977	0
	<u>(4,638)</u>	<u>4,977</u>	<u>4,977</u>	<u>0</u>
Fund Balance - End of year	<u>\$1,862</u>	<u>\$10,112</u>	<u>\$0</u>	<u>(\$10,112)</u>

**BEDFORD PUBLIC SCHOOLS**

*Recreation Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2015*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Local unit appropriations	\$35,000	\$35,000	\$30,000	(\$5,000)
Service fees	463,500	384,000	386,549	2,549
Rental income	20,000	2,000	1,658	(342)
Total Revenues	518,500	421,000	418,207	(2,793)
<b>Expenditures</b>				
Community Services:				
Salaries	191,015	194,014	197,974	(3,960)
Employee benefits	108,827	80,212	81,509	(1,297)
Purchased services	135,722	77,596	76,773	823
Supplies and materials	59,334	37,618	42,329	(4,711)
Other	250	75	75	0
Total Expenditures	495,148	389,515	398,660	(9,145)
Excess (Deficiency) of Revenue Over Expenditures	23,352	31,485	19,547	(11,938)
<b>Other Financing Sources (Uses)</b>				
Transfers out	(20,000)	(10,000)	(19,547)	(9,547)
<b>Net Change in Fund Balances</b>	3,352	21,485	0	(21,485)
Fund Balance - Beginning of year	3,352	0	0	0
Fund Balance - End of year	\$6,704	\$21,485	\$0	(\$21,485)

**BEDFORD PUBLIC SCHOOLS**

*Latchkey Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2015*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Tuition	\$247,445	\$234,000	\$247,435	\$13,435
Total Revenues	247,445	234,000	247,435	13,435
<b>Expenditures</b>				
Community Services:				
Salaries	147,379	180,044	181,520	(1,476)
Employee benefits	66,708	63,464	63,496	(32)
Purchased services	4,192	3,068	2,273	795
Supplies and materials	11,704	9,906	9,417	489
Other	8,600	0	0	0
Total Expenditures	238,583	256,482	256,706	(224)
Excess (Deficiency) of Revenue Over Expenditures	8,862	(22,482)	(9,271)	13,211
<b>Other Financing Sources (Uses)</b>				
Transfers in	0	0	8,304	8,304
Tranfers out	(8,800)	(8,000)	0	8,000
Total Other Financing Sources (Uses)	(8,800)	(8,000)	8,304	16,304
<b>Net Change in Fund Balances</b>	62	(30,482)	(967)	29,515
Fund Balance - Beginning of year	1,029	967	967	0
Fund Balance - End of year	\$1,091	(\$29,515)	\$0	\$29,515

**BEDFORD PUBLIC SCHOOLS**

*Summer Latchkey Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2015*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Budget</u>
<b>Revenues</b>				
Local Sources:				
Tuition	\$114,000	\$114,000	\$83,507	(\$30,493)
Total Revenues	114,000	114,000	83,507	(30,493)
<b>Expenditures</b>				
Community Services:				
Salaries	62,568	51,656	56,381	(4,725)
Employee benefits	21,340	20,047	17,187	2,860
Purchased services	8,700	5,500	5,311	189
Supplies and materials	7,900	5,000	3,860	1,140
Other	6,000	0	0	0
Total Expenditures	106,508	82,203	82,739	(536)
Excess (Deficiency) of Revenue Over Expenditures	7,492	31,797	768	(31,029)
<b>Other Financing Sources (Uses)</b>				
Transfers in	(3,600)	(3,000)	(768)	2,232
<b>Net Change in Fund Balances</b>	3,892	28,797	0	(28,797)
Fund Balance - Beginning of year	3,892	0	0	0
Fund Balance - End of year	<u>\$7,784</u>	<u>\$28,797</u>	<u>\$0</u>	<u>(\$28,797)</u>

**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, 2015*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Budget</u>
<b>Revenues</b>				
Local Sources:				
Taxes	\$0	\$0	\$2,767	\$2,767
Interest	0	0	130	130
Other revenue	0	4,500	0	(4,500)
Total Revenues	0	4,500	2,897	(1,603)
<b>Expenditures</b>				
Debt Service:				
Principal retirement	134,325	133,000	133,000	0
Interest and fiscal charges	0	0	0	0
Other	0	2,061	2,061	0
Total Expenditures	134,325	135,061	135,061	0
Excess (Deficiency) of Revenue Over Expenditures	(134,325)	(130,561)	(132,164)	(1,603)
<b>Other Financing Sources (Uses)</b>				
Transfers out	0	(3,644)	(2,041)	(1,603)
<b>Net Change in Fund Balances</b>	(134,325)	(134,205)	(134,205)	0
Fund Balance - Beginning of year	134,325	134,205	134,205	0
Fund Balance - End of year	\$0	\$0	\$0	(\$1,603)



**BEDFORD PUBLIC SCHOOLS**

*Sinking Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2015*

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Budget</u>
<b>Revenues</b>				
Local Sources:				
Taxes	\$490,000	\$750	\$727	(\$23)
Interest	500	400	373	(27)
Total Revenues	490,500	1,150	1,100	(50)
<b>Expenditures</b>				
Current:				
Support services	600,500	247,567	247,338	229
Total Expenditures	600,500	247,567	247,338	229
<b>Net Change in Fund Balances</b>	(110,000)	(246,417)	(246,238)	179
Fund Balance - Beginning of year	473,303	473,242	473,242	0
Fund Balance - End of year	<u>\$363,303</u>	<u>\$226,825</u>	<u>\$227,004</u>	<u>\$179</u>

**BEDFORD PUBLIC SCHOOLS**

*Agency Funds*  
*Statement of Changes in Assets and Liabilities*  
*June 30, 2015*

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	Student Activities Agency Fund			
	Balance			Balance
	July 1, 2014	Additions	Deductions	June 30, 2015
<b>Assets</b>				
Cash and cash equivalents	\$646,920	\$1,161,539	\$1,187,135	\$621,324
<b>Liabilities</b>				
Due to students	\$646,920	\$1,161,539	\$1,187,135	\$621,324

**BEDFORD PUBLIC SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2015*

	Due to (From)	Receipts	Disbursements	Due to (From)
	School District			School District
	July 1, 2014			June 30, 2015
<b>HIGH SCHOOL</b>				
Anatomy	\$0	\$805	\$714	\$91
Angie Mull Bennett Band	1,100	350	0	1,450
AP	24,577	21,232	42,648	3,161
Art	102	5,405	5,206	301
Artist Guild	55	0	0	55
Art-Kiln	600	400	1,000	0
Auto	260	1,175	1,371	64
Band	1,499	8,880	8,261	2,118
Baseball	62	12,232	11,784	510
BEA	1,000	500	1,000	500
Bedford Flower & Garden Club	1,000	1,000	1,000	1,000
Bedford Football Parents	7,057	32,603	35,510	4,150
Bedford Secretarial Assoc	0	200	0	200
Billing	0	15,315	15,315	0
Boys Basketball	10,257	16,697	18,774	8,180
Boys CC	405	4,807	3,619	1,593
Boys Golf	781	2,584	3,310	55
Boys Soccer	11,800	15,297	22,068	5,029
Boys Swim & Dive	999	7,265	7,579	685
Boys Tennis	500	2,192	2,359	333
Boys Track	1,027	4,312	3,626	1,713
BPA	1,606	12,945	12,238	2,313
Calculators	4,282	1,646	2,986	2,942
Carpentry	2,544	0	0	2,544
Cheer Club	17,469	27,772	36,558	8,683
Choir	4,575	16,683	17,457	3,801
Chromebook Insurance	1,892	32,599	29,696	4,795
Class of 2014	3,049	0	3,049	0
Class of 2015	9,622	55	2,670	7,007
Class of 2016	2,883	30,510	23,900	9,493
Class of 2017	2,067	7,330	5,705	3,692
Class of 2018	0	1,257	0	1,257
Coaches Club	1,587	4,897	4,800	1,684
Colton Durbin Memorial	4,500	0	500	4,000
Commissions-Pepsi	470	2,401	1,883	988
Commissions-Pictures	7,236	7,244	7,368	7,112
Costa Rica Trip	0	690	663	27
Crafts	0	665	642	23
DECA	957	14,111	13,822	1,246
Drama	4,761	16,293	14,119	6,935
Drew Boggess	6,740	2,047	2,000	6,787
Ecology	52	0	0	52
FCCLA	\$262	\$0	\$0	\$262
FCS	60	694	588	166
Fines	3,090	2,958	3,375	2,673
Fitness	0	280	280	0
Football	8,031	71,455	63,809	15,677

**BEDFORD PUBLIC SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2015*

	Due to (From)			Due to (From)
	School District	Receipts	Disbursements	School District
<b>HIGH SCHOOL (CONTINUED)</b>	<u>July 1, 2014</u>			<u>June 30, 2015</u>
French	\$326	\$0	\$0	\$326
Gargas Service	452	0	200	252
General - Athletics	3,508	14,706	12,319	5,895
General - Scholarship	3,770	0	1,080	2,690
General-Rousselo	89	2,763	1,772	1,080
German	284	22	0	306
Girls Basketball	980	16,288	11,202	6,066
Girls CC	2,272	6,097	6,794	1,575
Girls Golf	155	0	0	155
Girls Soccer	6,090	13,547	13,808	5,829
Girls Swim Team	8,565	7,446	9,284	6,727
Girls Tennis	2,672	9,301	9,180	2,793
Girls Track	2,744	4,991	3,567	4,168
Grad DVD	1,395	825	126	2,094
Graduates Inactive	25,154	3,050	2,222	25,982
Grapplerettes	834	4,388	3,637	1,585
Guidance Office	556	18	66	508
Health Fair	210	700	563	347
Hockey	10,026	34,142	33,323	10,845
Hutchinson Memorial	1,190	270	0	1,460
Journalism	25,182	32,115	43,218	14,079
Kwiatkowski Drama	945	0	0	945
Lauren Yates Memorial	800	250	500	550
Law & Society	494	605	439	660
Leadership-PEERx	226	1,000	183	1,043
Maschke	720	30	0	750
Math	1,627	0	17	1,610
Media Center	1,901	344	0	2,245
MI Youth In Govt	266	0	0	266
MME	219	0	0	219
MTS	1,000	1,000	1,500	500
Mule Mart	2,601	4,572	4,396	2,777
Mules for Hope	925	0	0	925
Mules Recycle	1,318	765	2,083	0
NHS	2,799	5,614	5,196	3,217
One Inspires Many	0	1,000	0	1,000
Orchestra	616	2,093	2,500	209
PAC	371	0	0	371
Parking	611	0	360	251
PE Locks	2,818	14,763	13,370	4,211
Personal Finance	33	629	662	0
Philip Zuchowski	6,475	1,650	1,500	6,625
Photo	2,431	4,607	5,996	1,042
Pickard Machine Technology	300	0	0	300

**BEDFORD PUBLIC SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2015*

	Due to (From)			Due to (From)
	School District	Receipts	Disbursements	School District
	July 1, 2014			June 30, 2015
<b>HIGH SCHOOL(CONTINUED)</b>				
PSAT	\$1,613	\$2,040	\$1,919	\$1,734
Psychology	110	931	913	128
Rebate-Target	6,660	1,185	0	7,845
Red Cross	2,051	0	0	2,051
Richard Karazim	1,458	0	500	958
Robotics	5,435	77,942	81,573	1,804
Robotics	500	1,500	2,000	0
Ronald P Rejent	1,500	0	500	1,000
Running Club	2,206	4,759	4,948	2,017
Ryan Wolniewicz Golf	8,101	1,738	1,000	8,839
Ryan Wolniewicz Hockey	239	0	0	239
SADD	500	0	0	500
Sanderson Art	198	876	615	459
Sauk Valley	2,775	1,949	2,775	1,949
Senior Send Off	6,070	7,134	9,017	4,187
Silver Spoon	1,519	4,989	6,028	480
Skills USA	461	3,184	3,552	93
Soccer Club Memorial	0	1,000	0	1,000
Softball	19,535	5,934	3,056	22,413
Soiree	3,331	15,237	10,332	8,236
Spanish	50	360	197	213
Speech	11	0	0	11
Sports Marketing	295	0	0	295
Student Council	10,929	19,424	25,131	5,222
Student Council Memorial	10,000	0	1,000	9,000
Student Leadership	0	5,520	17	5,503
Temperance Animal Hospital	1,000	1,000	1,000	1,000
Track Resurfacing	0	5,644	370	5,274
Vanessa Pirrone Memorial	10,281	0	1,500	8,781
Vending	1,937	216	506	1,647
VICA	558	2,024	1,972	610
Volleyball	15,517	34,691	39,393	10,815
Weight Room	872	7,217	5,528	2,561
Weight Room - Staff	1,500	0	0	1,500
Wood Shop	8,605	1,735	119	10,221
Wrestling	3,676	225	0	3,901
Wrestling Room	124	0	0	124
	<u>406,383</u>	<u>805,828</u>	<u>829,776</u>	<u>382,435</u>
<b>JUNIOR HIGH</b>				
6th Field Trip	192	0	192	0
America's Culture	1,781	0	0	1,781
Art Club	1,993	345	1,255	1,083
Assignment Books	273	126	384	15
Band	9,169	19,456	18,317	10,308
Banquet	0	7,780	7,700	80
Basketball- Boys	3,602	2,925	4,390	2,137
Basketball-Girls	3,543	2,398	4,572	1,369

**BEDFORD PUBLIC SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2015*

	Due to (From)			Due to (From)
	School District	Receipts	Disbursements	School District
<b>JUNIOR HIGH(CONTINUED)</b>	<u>July 1, 2014</u>			<u>June 30, 2015</u>
Bionic Broncos	\$13	\$100	\$113	\$0
Book Fines	1,967	798	1,123	1,642
Book Reimbursement	572	14	0	586
Box Tops	2,570	1,428	122	3,876
Charity Club	32	67	55	44
Cheerleaders - 7th Grade	256	0	256	0
Cheerleaders - 8th Grade	2,083	430	2,513	0
Chess Club	104	0	0	104
Choir	277	346	398	225
Chromebooks	0	970	970	0
Computer Club	275	0	0	275
Drama Club	72	579	269	382
Ear Buds	104	106	0	210
Field Trips	3,790	0	3,790	0
Football	335	96	216	215
Football Moms	935	2,454	1,928	1,461
FTC Robotics	150	11,543	4,141	7,552
FTC Robotics #2	661	0	661	0
Fundraiser	59	21,281	21,266	74
Game Club	334	0	0	334
General Fund	4,332	6,185	8,810	1,707
Grapplerettes	934	0	0	934
Imagination FT	0	3,076	3,062	14
Journalism	6,355	17,026	14,877	8,504
Jr Girls Track	2,311	58	0	2,369
Juggling	266	96	0	362
Knights of Columbus	211	0	0	211
Library	2,192	326	0	2,518
Malicki	0	882	355	527
Math Club	132	0	0	132
N.J.H.S.	2,529	307	760	2,076
Newspaper	55	0	0	55
PD Savings	296	99	224	171
Physical Education	2,077	16	0	2,093
Picture Commission	4,523	8,901	11,644	1,780
Playground	0	2,366	1,183	1,183
PTSA Grant Money	550	0	0	550
Read A thon	268	0	15	253
Reimbursement	0	10,682	10,682	0
Robotics - Loose Screws	100	89	189	0
Robotics	0	278	278	0
School Store	680	0	540	140
Science Department	200	0	0	200
Sign Board	8,305	0	5,319	2,986
Strings	1,168	1,566	1,675	1,059
Student Council	9,494	5,943	9,301	6,136
Students Interact	1,017	0	855	162

**BEDFORD PUBLIC SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2015*

	Due to (From) School District <u>July 1, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	Due to (From) School District <u>June 30, 2015</u>
<b>JUNIOR HIGH(CONTINUED)</b>				
Technology Education	\$6,932	\$2,502	\$443	\$8,991
Track- Boys	132	38	151	19
Track- Girls	39	0	0	39
Turning Screws	1,008	0	1,008	0
Vending	592	2,865	3,153	304
Vocabulary	148	0	0	148
Volleyball	2,170	7,496	7,461	2,205
Walleye Field Trip	0	3,727	3,727	0
Wrestling	1,847	77	1,036	888
YMCA	261	0	0	261
	<u>96,266</u>	<u>147,843</u>	<u>161,379</u>	<u>82,730</u>
<b>DOUGLAS</b>				
5th Grade	1,207	2,010	1,575	1,642
Andrews, Matt	360	0	0	360
Burgermeister, Laura	0	336	48	288
Camp	1,088	21,487	20,495	2,080
Classroom Magazines	209	2,026	2,167	68
Cordray, Beverly	87	0	87	0
Davies, Carole	0	335	0	335
Digby, Laura	1,455	0	0	1,455
Dinwoody, Cailaen	533	0	0	533
Field Trips	4,352	5,595	6,297	3,650
General Account	21,346	8,594	11,262	18,678
Go Green	1,160	0	0	1,160
Goa, Kim	1,103	0	0	1,103
Gossard, Michelle	0	336	0	336
Hill, Julie	1,006	0	0	1,006
Hirsch, Erin	384	0	159	225
Hite, Nicole	115	0	0	115
Johnson, Becky	507	0	507	0
Kearney, Jeanne	351	0	14	337
Keiser, Dawn	166	0	0	166
Kindergarten Snacks	109	0	0	109
Kinney, Bev	225	48	272	1
Kohlhofer, Kelly	5	0	0	5
Kudzia, Tina	481	0	0	481
Lee, Sandy	111	38	149	0
Magazine Sale	5,136	4,324	32	9,428
Manning, Roger	431	0	0	431
Market Day	673	670	0	1,343
McMullen, Bobbie	174	0	165	9
Media Center	1,374	123	280	1,217
Miller, Michelle	335	0	174	161
Nigh, Sarah	981	0	814	167
Relay for Life	8	0	0	8
Resource Room	585	0	0	585
Robotics	300	0	0	300

**BEDFORD PUBLIC SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2015*

	Due to (From) School District <u>July 1, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	Due to (From) School District <u>June 30, 2015</u>
<b>DOUGLAS(CONTINUED)</b>				
Shepherd, Sean	\$0	\$881	\$707	\$174
Snyder, Jeremy	1,344	0	21	1,323
Social Committee	75	689	313	451
Special Events	7,373	869	893	7,349
Steinman, Wendy	18	0	0	18
Student Council	843	0	0	843
Taweel, Hoda	261	0	193	68
Watson, Judy	318	0	318	0
Winterstein, Judy	1,006	0	1,006	0
Wuwert, Sandy	444	0	55	389
Yearbook	726	214	0	940
	<u>58,765</u>	<u>48,575</u>	<u>48,003</u>	<u>59,337</u>
<b>JACKMAN</b>				
Art & Music Department	3,871	798	1,046	3,623
Box Top Income	5,648	2,571	1,591	6,628
Camp	788	29,785	27,394	3,179
Developmental Kdg	100	60	0	160
Fund Raisers	\$79	\$862	\$862	\$79
General	10,338	37,052	33,522	13,868
Landscaping Grant	8	0	0	8
Library	2,642	220	2,663	199
Lounge	118	457	498	77
Richardson Scholarship	7,018	2	600	6,420
Robotics I	306	0	0	306
Shoe	808	4,989	3,638	2,159
Sixth Grade	157	0	0	157
Song Flute	20	0	0	20
SOS	5,216	9,835	15,051	0
Student Council	1,856	2,053	1,834	2,075
	<u>38,973</u>	<u>88,684</u>	<u>88,699</u>	<u>38,958</u>
<b>MONROE</b>				
Arnold 1st Grade	0	46	46	0
Boberg 2nd Grade	321	109	192	238
Brandjord 3rd Grade	137	0	137	0
Bules/Liebnau Kdg	126	0	126	0
Camp Fund	0	20,323	20,040	283
Candy Fund	145	0	0	145
Chrysochoos 5th Grade	3	0	0	3
Culligan	0	669	669	0
Eaton 3rd Grade	91	129	6	214
Eby 3rd Grade	67	124	5	186
Enrichment Fund	1,294	0	0	1,294
Etts 4th Grade	11	10	0	21
Field Trip	4,802	10,971	9,348	6,425
Food Service	0	225	0	225
General	29,929	27,039	21,819	35,149



**BEDFORD PUBLIC SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2015*

	Due to (From) School District <u>July 1, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	Due to (From) School District <u>June 30, 2015</u>
<b>MONROE(CONTINUED)</b>				
Gladieux 4th Grade	\$0	\$5	\$5	\$0
Glick 3rd Grade	0	159	145	14
Harasta 5th Grade	7	0	0	7
Herr Kindergarten	100	65	121	44
Hiemstra 1st Grade	140	149	35	254
Hulsebus 3rd Grade	7	185	179	13
Jewell 2nd Grade	243	94	62	275
Kelly 4th Grade	16	10	0	26
Kiss 3rd Grade	45	180	184	41
Knights of Columbus	1,868	1,122	0	2,990
Kohlhofer	0	100	51	49
Kudzia Young 5's	0	65	65	0
Liebnau Kdg	0	202	202	0
Lykowski 5th Grade	61	104	35	130
Macke 5th Grade	11	26	37	0
Mazza Lockwood Memorial	825	0	0	825
Media Center	1,119	243	169	1,193
Micham 1st Grade	66	87	138	15
Moore 4th Grade	0	125	120	5
Music-Newmeyer	55	684	739	0
Office	219	0	0	219
One District One Book	650	2,550	0	3,200
Outdoor Educ. Tree Fund	40	505	0	545
Perry 2nd Grade	123	0	123	0
PTA	0	1,455	1,455	0
Reading Enrichment	1,099	0	0	1,099
Relay for Life	219	0	0	219
Robotics	93	0	0	93
Seegert Kdg	39	122	61	100
Shinaver Kdg	374	0	116	258
Snack Fund				
Bogerg/Jewell	10	0	10	0
Way	34	11	45	0
Snyder 1st Grade	281	112	113	280
Stanley 5th Grade	1	120	78	43
Student Council	1,595	1,197	1,311	1,481
Sunshine Fund	181	1,287	1,205	263
Turley 1st Grade	86	0	86	0
	<u>46,533</u>	<u>70,609</u>	<u>59,278</u>	<u>57,864</u>
<b>Total</b>	<u>\$646,920</u>	<u>\$1,161,539</u>	<u>\$1,187,135</u>	<u>\$621,324</u>

## FEDERAL FINANCIAL ASSISTANCE PROGRAMS

**BEDFORD PUBLIC SCHOOLS**

*Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015*

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Grant Number	Approved Grant Award Amount	Accrued (Deferred) Revenue July 1, 2014
<u>U.S. Department of Education</u>				
Passed Through State Department of Education:				
Title I	84.010	141530-1314	\$382,733	\$63,224
Title I	84.010	151530-1415	387,488	0
			<u>770,221</u>	<u>63,224</u>
Title II Part A - Improving Teacher Quality	84.367	140520-1314	188,931	26,522
Title II Part A - Improving Teacher Quality	84.367	150520-1415	136,853	0
			<u>325,784</u>	<u>26,522</u>
Federal Audlt Education ABE Instruction	84.002	141130-141912	59,000	15,605
Federal Audlt Education ABE Instruction	84.002	151130-151912	40,000	0
			<u>99,000</u>	<u>15,605</u>
Total Passed Through State Department of Education			1,195,005	105,351
Passed Through Intermediate School Districts:				
Perkins II - Vocational Education	84.048A	143520-141225	55,856	55,853
Perkins II - Vocational Education	84.048A	153520-151225	56,396	0
			<u>112,252</u>	<u>55,853</u>
Total Passed Through Intermediate School Districts			112,252	55,853
Passed Through Monroe Public Schools:				
Title III - Limited English Proficient	84.365A	140580-1314	3,201	3,201
Title III - Limited English Proficient	84.365A	150580-1415	4,102	0
			<u>7,303</u>	<u>3,201</u>
Total U.S. Department of Education			1,314,560	<u><u>\$164,405</u></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, 2015
\$274,039	\$37,158	\$100,382	\$0
0	242,715	130,485	112,230
<u>274,039</u>	<u>279,873</u>	<u>230,867</u>	<u>112,230</u>
152,630	17,362	43,884	0
0	126,574	101,576	24,998
<u>152,630</u>	<u>143,936</u>	<u>145,460</u>	<u>24,998</u>
53,908	0	15,605	0
0	40,000	21,881	18,119
<u>53,908</u>	<u>40,000</u>	<u>37,486</u>	<u>18,119</u>
<u>480,577</u>	<u>463,809</u>	<u>413,813</u>	<u>155,347</u>
55,853	0	55,853	0
0	56,396	25,053	31,343
<u>55,853</u>	<u>56,396</u>	<u>80,906</u>	<u>31,343</u>
55,853	56,396	80,906	31,343
3,201	0	3,201	0
0	4,102	0	4,102
<u>3,201</u>	<u>4,102</u>	<u>3,201</u>	<u>4,102</u>
<u>\$539,631</u>	524,307	<u>\$497,920</u>	<u>\$190,792</u>

**BEDFORD PUBLIC SCHOOLS**

*Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015*

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Grant Number	Approved Grant Award Amount	Accrued (Deferred) Revenue July 1, 2014
<u>U.S. Department of Health and Human Services</u>				
Passed Through Intermediate School District				
Medicaid Outreach Program	93.778		\$6,455	\$0
Title III - C, Nutrition Services	93.045	2013 - 14	24,675	0
Title III - C, Nutrition Services	93.045	2014 - 15	24,675	0
			<u>49,350</u>	<u>0</u>
Total U.S. Department of Health and Human Services			55,805	<u>\$0</u>
<u>U.S. Department of Agriculture</u>				
Passed Through State Department of Education:				
National School Lunch Program				
All Lunches	10.555	141960	410,571	\$0
All Lunches	10.555	151960	324,230	0
			<u>734,801</u>	<u>0</u>
School Breakfast Program	10.553	141970	59,104	0
School Breakfast Program	10.553	151970	50,295	0
			<u>109,399</u>	<u>0</u>
Equipment Assistance Grant	10.579	141990	1,100	0
Total Passed Through State Department of Education			845,300	0
U.S.D.A. Donated Commodities				
Entitlements	10.555		62,508	0
Total U.S. Department of Agriculture			<u>907,808</u>	<u>\$0</u>
Total Federal Financial Assistance			<u>\$2,278,173</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, 2015</u>
\$0	\$6,455	\$6,455	\$0
11,996	5,142	5,142	0
0	15,425	15,425	0
<u>11,996</u>	<u>20,567</u>	<u>20,567</u>	<u>0</u>
<u>\$11,996</u>	<u>27,022</u>	<u>\$27,022</u>	<u>\$0</u>
\$366,018	44,553	\$44,553	\$0
0	324,230	315,693	8,537
<u>366,018</u>	<u>368,783</u>	<u>360,246</u>	<u>8,537</u>
53,444	5,660	5,660	0
0	50,295	48,102	2,193
<u>53,444</u>	<u>55,955</u>	<u>53,762</u>	<u>2,193</u>
0	1,100	0	1,100
<u>419,462</u>	<u>425,838</u>	<u>414,008</u>	<u>11,830</u>
93,561	62,508	62,508	0
<u>\$513,023</u>	<u>488,346</u>	<u>\$476,516</u>	<u>\$11,830</u>
	<u>\$1,039,675</u>		

## **BEDFORD PUBLIC SCHOOLS**

*Notes to the Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015*

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### **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, 2015*

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### SUMMARY OF AUDIT RESULTS:

1. The auditor's report expresses an unmodified opinion on the financial statements of Bedford Public Schools.
2. A 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. A significant deficiency relating to the audit of the major federal award programs was 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 was an 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 Findings and Questioned Costs  
Year Ended June 30, 2015*

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**FINDINGS - FINANCIAL STATEMENTS AUDIT:**

**2015-1 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 Food Service Fund that were material to the District's financial statements.

*Cause:* The District incorrectly posted unearned revenue, which had a direct impact on food sales, accounts payable, indirect costs, and transfers in.

*Effect:* As a result, the Food Service Fund revenues were originally overstated by approximately \$58,000.

*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:**

**2015-1 Timeliness of Annual On-Site Review**

*Finding Type:* Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Special Tests and Provisions).

*Program:* Nutrition Cluster: 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) passed through the Michigan Department of Education.

*Criteria:* Grant recipients are required to identify compliance requirements specific to each grant award and to develop internal controls to prevent or detect noncompliance. The Nutrition Cluster requires that on-site reviews/inspections of each location where meals are served be conducted by the District prior to February 1 of each year.

*Condition:* On-site reviews/inspections were not completed during the 2014/15 fiscal year.

*Cause:* The condition was caused by a turnover of staff that was responsible for completing the reports.

## BEDFORD PUBLIC SCHOOLS

### *Schedule of Findings and Questioned Costs Year Ended June 30, 2015*

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*Effect:* As a result of this condition, the District failed to maintain adequate internal controls over the food service operations to ensure the District fully complies with the compliance requirements of this grant.

*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 District perform on-site reviews of the food service department in accordance with the State of Michigan's administrative policy. The District should develop a process whereby management is reminded of the programmatic deadlines. A supervisor or administrator should also be aware of the deadline in order to ensure timely completion

*View of Responsible Officials:* The Chief Financial Officer has reviewed the specifics of this finding with District employees, who will be responsible for ensuring the completion of the on-site reviews in a timely manner. The corrective action will be deemed complete upon the timely submission of the next annual on-site reviews, which is expected to occur prior to February 1, 2016.

**BEDFORD PUBLIC SCHOOLS**

*Schedule of Prior Audit Findings  
Year Ended June 30, 2015*

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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



*Educating for Life!*

# Bedford Public Schools

A Fully Accredited AdvancED School District

An Official PTA School District

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October 14, 2015

Bedford Public Schools  
Corrective Action Plan  
Findings as of June 30, 2015

Contact Person: Sharon Ramirez, Chief Financial Officer

Finding Number: Financial Statement Finding 2015-1

Corrective Action: Management is responsible for maintaining accounting records in accordance with generally accepted accounting principles. During the audit, there were proposed adjustments (that were approved and posted by management) that were material to the financial statements. Management will conduct a review of the general ledger on an ongoing basis.


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

Finding Number: Major Federal Program Finding 2015-1

Corrective Action: The annual On-Site Reviews required as part of the National School Lunch Program were not completed during the 2014-2015 fiscal year, due to staff turnover. There were no questioned costs or unallowable expenditures.

Responsible district employees have added this procedure to their work calendar to ensure the reviews will be completed in a timely manner in the future. Additionally, district employees will review, on a monthly basis, all administrative policies issued by the State of Michigan related to the food service program.

Anticipated Completion Date: February 1, 2016 - The fiscal year 2015-2016 On-Site Reviews are required to be completed prior to February 1, 2016. District employees will complete the reviews during the month of January, 2016.

  
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Sharon Ramirez  
Chief Financial Officer  
Bedford Public Schools



**COOLEY HEHL  
WOHLGAMUTH & CARLTON**  
P. L. L. C. Certified Public Accountants

James R. Cooley, CPA  
David K. Hehl, CPA  
Peter H. Carlton, CPA  
Matthew D. Hehl, CPA  
Deborah A. Sabo, CPA  
Nicklaus W. Calkins, CPA

One South Monroe Street • Monroe, Michigan 48161-2230  
Telephone: (734) 241-7200 • Fax: (734) 241-2637  
www.chwccpa.com

Members:  
American Institute of Certified Public Accountants  
Michigan Association of Certified Public Accountants  
Division for CPA Firms American Institute of  
Certified Public Accountants

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, 2015, 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 Food Service 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.

#### On-Site Reviews

During our audit, we noted that the district did not perform annual on-site reviews of the food service department. The State of Michigan requires the district to perform on-site reviews annually. We recommend that the district perform on-site reviews of the food service department in accordance with the State of Michigan's administrative policy.

Board of Education  
Bedford Public Schools

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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,

*Cooley Hehl Wolgamuth & Carlton*

October 14, 2015



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October 14, 2015

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, 2015. 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 30, 2015. 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. During 2015, Bedford Public Schools implemented Governmental Accounting Standard Board Statement Number 68, *Accounting and Financial Reporting for Pensions*. We noted no transactions entered into by the governmental unit 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. The following material misstatements detected as a result of audit procedures were corrected by management: Adjustments to the Food Service Fund to correct accounts misstated due to posting error.

#### *Disagreements with Management*

For purposes of this letter, 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, 2015.

#### *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 and pension schedules, 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 Held Wollgamuth & Carlton*