

**BEDFORD PUBLIC SCHOOLS**  
Temperance, Michigan

ANNUAL FINANCIAL REPORT

June 30, 2013

Bedford Public Schools

Table of Contents  
June 30, 2013

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<b>Independent Auditor’s Report</b> .....	1-2
<b>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</b> .....	3-4
<b>Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance In Accordance with OMB Circular A-133</b> .....	5-6
<b>Management’s Discussion and Analysis</b> .....	7-14
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Position .....	15
Statement of Activities.....	16
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet – Governmental Funds.....	17-18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position .....	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	20-21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	22
Fiduciary Fund - Statement of Fiduciary Net Position .....	23
Notes to the Financial Statements .....	24-41
<b>Required Supplementary Information:</b>	
General Fund:	
Budgetary Comparison Schedule.....	42
Schedule of General Fund Revenues – Budget and Actual .....	43
Schedule of General Fund Expenditures – Budget and Actual.....	44-47
Technology Enhancement Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	48

**Bedford Public Schools**

*Table of Contents*  
*June 30, 2013*

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**Other Supplemental Information:**

Capital Maintenance Fund:  
Statement of Revenues, Expenditures and Changes in Fund Balance  
– Budget and Actual .....49

Nonmajor Governmental Funds:  
Combining Balance Sheet..... 50-51

Combining Statement of Revenue, Expenditures, and Changes in  
Fund Balances..... 52-53

Special Revenue Funds:  
Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Budget and Actual ..... 54-60

Debt Service Funds:  
Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Budget and Actual ..... 61-62

Capital Projects Fund:  
Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Budget and Actual .....63

Agency Funds:  
Statement of Changes in Assets and Liabilities.....64  
Summary of Receipts and Disbursements ..... 65-71

**Federal Financial Assistance Programs:**

Schedule of Expenditures of Federal Awards ..... 72-75

Notes to the Schedules of Expenditures of Federal Awards .....76

Schedule of Findings and Questioned Costs ..... 77-80



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## Independent Auditor's Report

Board of Education  
Bedford Public Schools  
Temperance, Michigan 48182

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bedford Public Schools, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bedford Public Schools as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As described in Note 2 to the financial statements, in 2013, the School District adopted new accounting guidance, GASB Statement No.65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7 through 14 and 42 through 48 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.

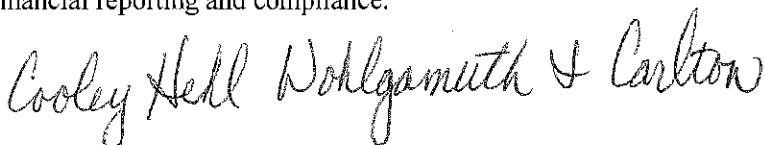
#### ***Other information***

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 21, 2013, 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 21, 2013



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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, 2013, 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 21, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Bedford Public School's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bedford Public Schools internal control. Accordingly, we do not express an opinion on the effectiveness of Bedford Public School's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2013-2 to be a material weakness

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2013-1 to be significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Bedford Public Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2013-1 and 2013-2.

We noted certain matters that we reported to the management of Bedford Public School, in a separate letter dated October 21, 2013.

### **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 21, 2013



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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 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, 2013. 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.

**Unmodified 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, 2013.



### Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2013-1 and 2013-2. 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 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 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 material weaknesses. 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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2013-1 and 2013-2 to be significant deficiencies.

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.

*Cooley Hehl Wohlgamuth & Carlton*

October 21, 2013

# BEDFORD PUBLIC SCHOOLS

## *Management's Discussion and Analysis Year Ended June 30, 2013*

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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, 2013. Generally accepted accounting principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: Government-wide Financial Statements and Fund Financial Statements.

### **Using this Annual Report**

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

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

#### Basic Financial Statements

*Government-wide Financial Statements*

*Fund Financial Statements*

*Notes to the Basic Financial Statements*

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

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

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

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

## BEDFORD PUBLIC SCHOOLS

*Management's Discussion and Analysis  
Year Ended June 30, 2013*

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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, 2013

### District-Wide Financial Analysis

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

Table 1:

	Governmental Activities	
	2013	2012
Current and other assets	\$14.7	\$13.5
Capital assets	21.5	21.9
<b>Total assets</b>	<b>36.2</b>	<b>35.4</b>
Current and other liabilities	15.6	14.9
Long-term liabilities	1.2	2.9
<b>Total liabilities</b>	<b>16.8</b>	<b>17.8</b>
Net position		
Invested in capital assets, net of related debt	19.5	18.1
Restricted	0.8	0.6
Unrestricted	(0.9)	(1.1)
<b>Total net position</b>	<b>\$19.4</b>	<b>\$17.6</b>

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 \$19.4 million at June 30, 2013. Of this amount, \$0.8 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. Capital assets, net of related debt totaling \$19.5 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.

The \$(0.9) million in unrestricted net position of governmental activities represents the *accumulated* shortfall resulting from all past years' operations. We will need to closely monitor our expenditures in the future and adhere strictly to the budget to reduce this amount.

The results of this year's operations for the School as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net a for fiscal year 2013 and a comparative analysis with the previous year's activity.

**BEDFORD PUBLIC SCHOOLS**

*Management's Discussion and Analysis  
Year Ended June 30, 2013*

**District-Wide Financial Analysis - Concluded**

Table 2:

**Changes in Net Position  
Year Ended June 30  
(in millions)**

	Governmental Activities	
	2013	2012
<b>Revenues</b>		
Program revenues:		
Charges for services	\$2.0	\$2.1
Federal grants	1.4	1.3
State grants and local entitlements	4.7	5.2
General Revenues:		
Property taxes	6.8	6.7
State foundation allowance	29.1	29.2
Proceeds from sale of easement	0.0	0.3
Other general revenues	0.3	0.4
Total revenues	44.3	45.2
 <b>Functions/Program Expenses</b>		
Instruction:	24.3	26.2
Support services:	13.6	14.1
Community services	1.5	1.6
Athletics	0.7	0.8
Food service	1.4	1.5
Debt interest	0.2	0.5
Depreciation	0.9	0.9
Total expenses	42.6	45.6
 <b>Increase (decrease) in net position</b>	<u>\$1.7</u>	<u>(\$0.4)</u>

As reported in the Statement of Activities, the cost of all of our *governmental* activities this year was \$42.6 million. However, the amount that our taxpayers ultimately financed for these activities through property taxes and local revenues was only \$36.2 million because approximately \$2.0 million of the cost was paid by those who benefited from the programs and approximately \$6.1 million was paid by other governments and organizations who subsidized certain programs with grants and contributions. We paid for the remaining "public benefit" portion of our governmental activities with \$6.8 million in taxes, \$29.1 million in State Foundation Allowance, and with our other revenues, like interest and general entitlements.

**BEDFORD PUBLIC SCHOOLS**

*Management's Discussion and Analysis  
Year Ended June 30, 2013*

**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 \$878,493 which is an increase of \$337,740 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>	(\$626,901)	\$108,104	\$153,456	\$906,094	\$540,753
Increase (decrease)	<u>437,269</u>	<u>29,254</u>	<u>(37,447)</u>	<u>(91,336)</u>	<u>337,740</u>
<b>Fund balances- End of year</b>	<u>(\$189,632)</u>	<u>\$137,358</u>	<u>\$116,009</u>	<u>\$814,758</u>	<u>\$878,493</u>

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

Table 3:

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Percent Change</u>
<b>Revenues</b>			
Local sources	\$3,786,893	\$3,889,780	(2.6)%
State sources	32,042,883	32,066,132	(0.1)%
Federal sources	765,501	581,886	31.60%
Interdistrict and other sources	1,365,666	1,492,882	(8.5)%
Proceeds from sale of easement	0	326,894	(100.0)%
Transfers in	<u>156,050</u>	<u>113,465</u>	37.50%
<b>Total Revenues</b>	<u>\$38,116,993</u>	<u>\$38,471,039</u>	(0.9)%

**BEDFORD PUBLIC SCHOOLS**

*Management's Discussion and Analysis  
Year Ended June 30, 2013*

**Fund Financial Analysis – Concluded**

Table 4:

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Percent Change</u>
<b>Expenditures</b>			
Instruction	\$24,316,286	\$26,153,769	(7.0)%
Support services	13,132,162	13,570,576	(3.2)%
Debt service	231,276	327,168	(29.3)%
Transfers out	<u>0</u>	<u>45,125</u>	(100.0)%
	<u>\$37,679,724</u>	<u>\$40,096,638</u>	(6.0)%

**General Fund Budgetary Highlights**

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

There were minor revisions made to the 2012-2013 General Fund original budget. Budgeted revenues were increased \$0.5 million due to changes in revenue from state and federal grants, and changes in pupil count.

Budgeted expenditures were amended based on mid-year adjustments to operations, and debt service, for a variance in budgeted expenditures of \$1.4 million. See the Budgetary Comparison Schedule for original and final budget numbers.

**Capital Asset and Debt Administration**

*Capital Assets*

At June 30, 2013, the School had \$45.2 million invested in a broad range of capital assets, including land, land improvements, buildings, equipment, and vehicles. This amount includes additions of \$480,805 in capital assets. The additions consisted of roofing, lighting, and flooring projects and equipment. The district had a disposal of a bus of \$73,022.

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, 2013.

**BEDFORD PUBLIC SCHOOLS**

*Management's Discussion and Analysis  
Year Ended June 30, 2013*

**Capital Asset and Debt Administration - Concluded**

Table 5:

	June 30	
	2013	2012
Land and land improvements	\$1,197,168	\$1,197,168
Construction in progress	0	189,420
Buildings and building improvements	38,713,962	38,101,733
Machinery and equipment	1,038,527	980,531
Vehicles	4,224,402	4,297,424
Total Capital Assets	45,174,059	44,766,276
Less: Accumulated Depreciation	(23,681,808)	(22,898,528)
Net Capital Assets	<u>\$21,492,251</u>	<u>\$21,867,748</u>

***Debt Administration***

At the end of this year, the School had \$1.7 million in bonds outstanding versus \$3.4 million last year - a decrease of 49 percent. Those bonds consisted of:

Table 5:

	June 30	
	2013	2012
General obligation bonds	<u>\$1,710,000</u>	<u>\$3,367,302</u>

The state limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School's boundaries. The School's outstanding general obligation debt of \$1.7 million is significantly below this statutorily imposed limit. The School had \$273,520 in notes payable versus \$417,400 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 million in notes payable versus \$8 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, 2013*

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#### **Development of the 2013-2014 Fiscal Year Budget**

Our elected officials and administration consider many factors when setting the School's 2013-2014 fiscal year (FY13) 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 FY14 budget was adopted in June 2013, based on an estimate of students that will be enrolled in September 2013. Nearly 80% of total revenue is from the foundation allowance. Our federal funding is tied to the number of federally connected students as well. Federal funding fluctuates approximately \$600,000 per year. We anticipate that the fall student count will decline again in FY14.

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.

**BEDFORD PUBLIC SCHOOLS**

*Statement of Net Position  
June 30, 2013*

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$8,242,584
Accounts/taxes receivable	103,693
Due from other governmental units	6,327,614
Prepaid expenses	6,729
Inventories	40,117
Capital assets, net	21,492,251
	36,212,988
<b>Liabilities</b>	
Accounts payable	1,709,275
Accrued wages and benefits	3,031,474
Other payables	27,065
Accrued interest payable	17,947
Unearned revenue	74,430
Notes payable	9,000,000
Long-term liabilities:	
Due within one year	1,854,885
Due in more than one year	1,134,063
	16,849,139
<b>Deferred inflows of resources</b>	
Unamortized premium/unamortized advanced amount on refunding	2,294
	19,490,784
<b>Net Position</b>	
Invested in capital assets, net of related debt	19,490,784
Restricted for:	
Capital projects	493,976
Debt service	148,477
Technology millage	137,358
Unrestricted net position	(909,040)
	\$19,361,555
	\$19,361,555

See accompanying notes to the basic financial statements.

**BEDFORD PUBLIC SCHOOLS**

*Statement of Activities  
Year Ended June 30, 2013*

Functions/Programs	Program Revenues			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Activities Net (Expense) Revenue and Changes in Net Position
Primary government - Governmental activities:				
Instruction	\$24,328,410	\$72,971	\$3,922,243	(\$20,333,196)
Support services	13,572,281	0	1,152,926	(12,419,355)
Community services	1,451,559	937,218	545,511	31,170
Athletics	744,306	270,181	0	(474,125)
Food services	1,370,443	675,990	560,104	(134,349)
Debt interest	258,821	0	1,300	(257,521)
Depreciation (unallocated)	856,302	0	0	(856,302)
<b>Total Governmental Activities</b>	<b>\$42,582,122</b>	<b>\$1,956,360</b>	<b>\$6,182,084</b>	<b>(34,443,678)</b>
General Revenues:				
Taxes:				
Property taxes, levied for general operations				3,228,172
Property taxes, levied for debt service				1,906,667
Property taxes, levied for capital outlay				484,227
Property taxes, levied for technology				1,155,294
Grants and entitlements not restricted to specific programs				29,091,579
State revenue for Durant Bond				27,301
Unrestricted contributions				39,000
Interest and investment earnings				31,093
Other				226,382
<b>Total General Revenues</b>				<b>36,189,715</b>
<b>Change in Net Position</b>				<b>1,746,037</b>
Net Position - Beginning of year, restated				17,615,518
Net Position - End of year				<b>\$19,361,555</b>

See accompanying notes to the basic financial statements.

**BEDFORD PUBLIC SCHOOLS**

*Governmental Funds  
Balance Sheet  
June 30, 2013*

	<u>General</u>	<u>Technology Enhancement</u>
<b>Assets</b>		
Cash and cash equivalents	\$6,871,732	\$155,181
Receivables:		
Accounts	42,329	0
Due from other governmental units	6,327,614	0
Due from other funds	43,226	0
Prepaid expenses	3,213	910
Inventories	20,448	0
	<u>\$13,308,562</u>	<u>\$156,091</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$1,433,487	\$14,751
Accrued wages and benefits	2,980,233	3,982
Other payables	27,065	0
Notes payable	9,000,000	0
Due to other funds	0	0
Unearned revenue	57,409	0
	<u>13,498,194</u>	<u>18,733</u>
<b>Fund Balances</b>		
Nonspendable:		
Prepaid expenses	3,213	910
Inventory	20,448	0
Restricted for:		
Technology enhancement	0	136,448
Food service	0	0
Community service	0	0
Debt service	0	0
Capital projects	0	0
Assigned to:		
Capital projects	0	0
Unassigned	(213,293)	0
	<u>(189,632)</u>	<u>137,358</u>
Total Fund Balances	<u>(189,632)</u>	<u>137,358</u>
Total Liabilities and Fund Balances	<u>\$13,308,562</u>	<u>\$156,091</u>

See accompanying notes to the basic financial statements.

Capital Maintenance	Other Nonmajor Governmental Funds	Totals
\$117,939	\$1,097,732	\$8,242,584
0	61,364	103,693
0	0	6,327,614
0	0	43,226
0	2,606	6,729
0	19,669	40,117
<u>\$117,939</u>	<u>\$1,181,371</u>	<u>\$14,763,963</u>
\$1,930	\$259,107	\$1,709,275
0	47,259	3,031,474
0	0	27,065
0	0	9,000,000
0	43,226	43,226
0	17,021	74,430
<u>1,930</u>	<u>366,613</u>	<u>13,885,470</u>
0	2,606	6,729
0	19,669	40,117
0	0	136,448
0	87	87
0	265,952	265,952
0	148,477	148,477
0	377,967	377,967
116,009	0	116,009
0	0	(213,293)
<u>116,009</u>	<u>814,758</u>	<u>878,493</u>
<u>\$117,939</u>	<u>\$1,181,371</u>	<u>\$14,763,963</u>

**BEDFORD PUBLIC SCHOOLS**

*Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
Year Ended June 30, 2013*

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<b>Total Fund Balances - Governmental Funds</b>		<b>\$878,493</b>
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
Cost of the capital assets	45,174,059	
Accumulated depreciation	<u>(23,681,808)</u>	
		21,492,251
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:		
General obligation bonds	(1,710,000)	
Bus notes	(107,340)	
Other notes	(166,180)	
Compensated absences	(1,005,428)	
Accrued interest	(17,947)	
Premium amortized over the life of the bonds	(10,460)	
Advanced amount on refunding amortized over the life of the bonds	<u>8,166</u>	
		<u>(3,009,189)</u>
<b>Total Net Position - Governmental Activities</b>		<b><u>\$19,361,555</u></b>

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, 2013*

	<u>General</u>	<u>Technology Enhancement</u>
<b>Revenues</b>		
Local sources	\$3,786,893	\$1,155,294
State sources	32,042,883	0
Federal sources	765,501	0
Interdistrict and other sources	<u>1,365,666</u>	<u>0</u>
Total Revenues	37,960,943	1,155,294
<b>Expenditures</b>		
Current:		
Instruction	24,316,286	0
Support services	12,387,856	1,126,040
Food service	0	0
Athletics	744,306	0
Community services	0	0
Debt Service:		
Principal retirement	143,880	0
Interest and fiscal charges	87,396	0
Other	<u>0</u>	<u>0</u>
Total Expenditures	<u>37,679,724</u>	<u>1,126,040</u>
Excess (Deficiency) of Revenues Over Expenditures	281,219	29,254
<b>Other Financing Sources (Uses)</b>		
Operating transfers in	156,050	0
Operating transfers out	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>156,050</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	437,269	29,254
Fund Balances - Beginning of year	<u>(626,901)</u>	<u>108,104</u>
Fund Balances - End of year	<u><u>(\$189,632)</u></u>	<u><u>\$137,358</u></u>

See accompanying notes to the basic financial statements.

Capital Maintenance	Other Nonmajor Governmental Funds	Totals
\$25,800	\$4,380,055	\$9,348,042
0	148,267	32,191,150
0	631,650	1,397,151
0	0	1,365,666
25,800	5,159,972	44,302,009
0	0	24,316,286
63,247	440,849	14,017,992
0	1,370,443	1,370,443
0	0	744,306
0	1,451,559	1,451,559
0	1,657,301	1,801,181
0	168,300	255,696
0	6,806	6,806
63,247	5,095,258	43,964,269
(37,447)	64,714	337,740
0	0	156,050
0	(156,050)	(156,050)
0	(156,050)	0
(37,447)	(91,336)	337,740
153,456	906,094	540,753
\$116,009	\$814,758	\$878,493



**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, 2013*

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<b>Total Net Change in Fund Balances - Governmental Funds</b>		<b>\$337,740</b>
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	(\$856,302)	
Capital outlay	480,805	
		<u>(375,497)</u>
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		1,801,182
Accrued interest is recorded in the statement of activities when incurred; it is not reported in the governmental funds until paid.		23,024
Increases in the liabilities for compensated absences and termination pay are reported as an expenditure in the statement of activities, but not in the governmental funds:		<u>(40,412)</u>
<b>Change in Net Position of Governmental Activities</b>		<b><u><u>\$1,746,037</u></u></b>

See accompanying notes to the basic financial statements.

**BEDFORD PUBLIC SCHOOLS**

*Fiduciary Fund  
Statement of Fiduciary Net Position  
June 30, 2013*

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	<u>Agency Fund</u> <u>Student Activities</u>
<b>Assets</b>	
Cash and cash equivalents	<u>\$576,983</u>
<b>Liabilities</b>	
Due to students	<u>\$576,983</u>

See accompanying notes to the basic financial statements.

## **BEDFORD PUBLIC SCHOOLS**

*Notes to the Financial Statements  
Year Ended June 30, 2013*

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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, 2013*

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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, 2013*

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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 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 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, 2013*

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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, 2013, 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, 2013*

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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, 2013*

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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. Net Position**

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related 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. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**M. Accounting Change and Net Asset/Net Position Restatement**

As a result of implementing GASB Statement No. 65, the School's Governmental Activities net assets as of June 30, 2012 have been restated as Net Position as of July 1, 2012 on the government-wide Statement of Activities. Additionally, the Township changed its policy for recognizing debt issuance costs, from amortizing the costs over the life of the outstanding debt, to that of recognizing debt issuance costs in the year incurred. Accordingly, this change has been applied retroactively by restating the beginning net position for bond issuance costs incurred in prior years.

The reconciliation below summarizes the difference between the Governmental Activities net assets as of June 30, 2012 as previously reported to July 1, 2012, net position reported on the government-wide Statement of Activities.

	Governmental Activities
Net assets, June 30, 2012, as previously reported	<u>\$17,624,527</u>
Cumulative effect of recognizing bond issuance costs as an expense in the year incurred	<u>(9,009)</u>
Net position, June 30, 2013	<u>\$17,615,518</u>

**N. 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, 2013*

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

#### **O. 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.

#### **P. Estimates**

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

#### **Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the School and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2013.

#### **R. Budgetary Data**

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

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

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

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

**BEDFORD PUBLIC SCHOOLS**

*Notes to the Financial Statements  
Year Ended June 30, 2013*

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

**S. Subsequent Events**

The School District's management evaluated subsequent events from June 30, 2013 through October 21, 2013, 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, 2013, the School incurred expenditures in certain budgetary functions which were in excess of the amounts appropriated.

For the year ended June 30, 2013, expenditures exceeded final budgeted amounts in the following funds:

	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Capital Maintenance Fund	\$37,056	\$63,247	(\$26,191)
2005 Refunding School Bond Debt Service Fund	1,801,141	1,803,806	(2,665)
Senior Center Fund	361,630	414,954	(53,324)

**Note 4 - Deposits and Investments**

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

**Credit risk.** State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2013, the School did not invest in instruments that require rating.

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

**Custodial credit risk – deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to the School District. The School District has \$9,565,553 invested in certificates of deposit, checking accounts, and money markets. The School District's deposits are insured by the FDIC in the amount of \$1,152,183. Uninsured deposits are \$8,413,370.

**BEDFORD PUBLIC SCHOOLS**

*Notes to the Financial Statements  
Year Ended June 30, 2013*

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**Note 4 - Deposits and Investments** (Concluded)

**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, 2013.

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 2013 property taxes were levied on December 1, 2012 on assessed valuations as of December 1, 2011. Taxable values are based on a percentage of the fair market value of the assessed property. The following is a summary of the 2012 property tax data:

	<u>Taxable Values</u>	<u>Mills Levied</u>	<u>Taxes Levied</u>
General Fund:			
Non-Primary Residence Exemption	\$185,964,091	18.0000	\$3,347,354
Commercial Personal Property	13,441,372	6.0000	80,648
Sinking Fund	966,419,825	0.5000	483,210
Debt Fund	966,419,825	1.9700	<u>1,903,847</u>
			<u><u>\$5,815,059</u></u>

**BEDFORD PUBLIC SCHOOLS**

*Notes to the Financial Statements  
Year Ended June 30, 2013*

**Note 6 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance at July 1, 2012	Additions	Reductions	Balance at June 30, 2013
Governmental Activities				
Land and land improvements	\$1,197,168	\$0	\$0	\$1,197,168
Construction in progress	189,420	0	189,420	0
Buildings and buildings improvements	38,101,733	612,229	0	38,713,962
Machinery and equipment	980,531	57,996	0	1,038,527
Vehicles	4,297,424	0	73,022	4,224,402
Total capital assets	<u>44,766,276</u>	<u>670,225</u>	<u>262,442</u>	<u>45,174,059</u>
Less accumulated depreciation:				
Land improvements	(1,146,420)	(10,052)	0	(1,156,472)
Buildings and buildings improvements	(16,848,539)	(723,589)	0	(17,572,128)
Machinery and equipment	(906,372)	(23,995)	0	(930,367)
Vehicles	(3,997,197)	(98,666)	(73,022)	(4,022,841)
Total accumulated depreciation	<u>(22,898,528)</u>	<u>(856,302)</u>	<u>(73,022)</u>	<u>(23,681,808)</u>
Net capital assets	<u>\$21,867,748</u>	<u>(\$186,077)</u>	<u>\$189,420</u>	<u>\$21,492,251</u>

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

**BEDFORD PUBLIC SCHOOLS**

*Notes to the Financial Statements  
Year Ended June 30, 2013*

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

As of June 30, 2013, interfund balances consisted of the following:

<u>Due To</u>	<u>Due From</u>		<u>TOTAL</u>
	<u>Senior Center</u>	<u>Health Van</u>	
General	<u>\$ 39,090</u>	<u>\$ 4,136</u>	<u>\$ 43,226</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made

Interfund transfers for the year ended June 30, 2013 consisted of the following:

<u>Transfer To</u>	<u>Transfer From</u>						<u>TOTAL</u>
	<u>Food Service</u>	<u>RSVP</u>	<u>Health Van</u>	<u>Recreation</u>	<u>Latchkey</u>	<u>Summer Latchkey</u>	
General	<u>\$ 22,800</u>	<u>\$ 881</u>	<u>\$ 14,977</u>	<u>\$ 78,858</u>	<u>\$ 1,581</u>	<u>\$36,953</u>	<u>\$156,050</u>

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

## BEDFORD PUBLIC SCHOOLS

*Notes to the Financial Statements  
Year Ended June 30, 2013*

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### **Note 8 - Risk Management and Insurance Pool**

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

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

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

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

#### **A. Plan Description**

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

#### **B. Funding Policy**

Employer contributions to the MPSERS result from the effects of implementing the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate was 24.46 percent for the period July 1, 2012 through September 30, 2012 and 25.36 percent for the period October 1, 2012 through January 31, 2013 of the covered payroll to the plan. Beginning February 1, 2013 through June 30, 2013 the pension rate (including defined contributions) for the basic MIP employees ranged from 24.32 percent to 26.96 percent.

Employees hired on or after July 1, 2010 are in the Pension Plus hybrid plan. The pension rate for the Pension Plus plan members was 23.23 percent for the period July 1, 2012 through September 30, 2012.

Beginning October 1, 2012, the pension rate for the Pension Plus plan members who were hired between July 1, 2010 and September 3, 2012 ranged from 24.13 percent to 25.36 percent for the period October 1, 2012 through January 31, 2013 of the covered payroll. Beginning February 1, 2013 through June 30, 2013 the pension rate for these pension plus members ranged from 24.13 percent to 25.13 percent.

The pension rate for the Pension Plus plan members who were hired after September 3, 2012 ranged from 20.96 percent to 23.2 percent for the period October 1, 2012 through January 31, 2013 and 25.96 percent to 26.2 percent for the period February 1, 2013 to June 30, 2013.

Basic plan members have not been required to make contributions to the retirement system and Member Investment Plan (MIP) members have contributed with rates ranging from 3 percent to 6.4 percent of their gross wages. As of February 1, 2013, the Basic and MIP members had four options where they can choose to increase, maintain, or stop contributions to the pension fund. Employee contributions as of February 1, 2013 range from zero percent to 7 percent, depending on the option the member chooses.

## **BEDFORD PUBLIC SCHOOLS**

*Notes to the Financial Statements  
Year Ended June 30, 2013*

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

#### **B. Funding Policy** (Concluded)

Pension Plus plan members contribute 3 percent of compensation to the retiree healthcare fund. These members may keep the graded premium subsidy they currently have at a 3 percent rate, or as of February 1, 2013 they could choose the personal healthcare fund which can be used to pay healthcare expenses in retirement. If members choose the personal healthcare fund, they will opt-out of the premium subsidy benefit and be enrolled in a 2 percent employee contribution into a state-sponsored 457 account.

The School's contributions to the MPSERS pension plan for the years ended June 30, 2013, 2012, and 2011 were \$6,066,385, \$5,718,280, and \$5,196,826, respectively.

#### **C. Postemployment Benefits**

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

### **Note 10 - Employee Benefits**

#### **A. Compensated Absences**

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

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

#### **B. Health Care Benefits**

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

**BEDFORD PUBLIC SCHOOLS**

*Notes to the Financial Statements*  
*Year Ended June 30, 2013*

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

Long-term debt and other long-term obligations of the School at June 30, 2013 were as follows:

	Balance at July 1, 2012	Additions	Payments	Balance at June 30, 2013	Amounts Due in One Year
Governmental Activities:					
Bonds Payable:					
2005 School Refunding Bonds	\$3,340,000	0	\$1,630,000	\$1,710,000	\$1,710,000
School Improvement Bond, Series 1998	27,302	0	27,302	0	0
	<u>3,367,302</u>	<u>0</u>	<u>1,657,302</u>	<u>1,710,000</u>	<u>1,710,000</u>
Notes Payable:					
Bus Note - 36445	210,205	0	102,865	107,340	107,340
Stadium Note - 525509777	175,528	0	23,003	152,525	23,890
Stadium Concession Note - 525509826	31,667	0	18,012	13,655	13,655
	<u>417,400</u>	<u>0</u>	<u>143,880</u>	<u>273,520</u>	<u>144,885</u>
Other Liabilities:					
Compensated Absences Payable	965,016	40,412	0	1,005,428	0
Total Governmental Activities	<u>\$4,749,718</u>	<u>\$40,412</u>	<u>\$1,801,182</u>	<u>\$2,988,948</u>	<u>\$1,854,885</u>

In prior years, the School defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School's financial statements. On June 30, 2013, \$1,790,000 of bonds outstanding are considered defeased.

Compensated absences payable represents vested benefits for unused vacation and sick pay under formulas and conditions specified in various employee contracts, and termination pay payable represents the liability for early retirement incentives.



**BEDFORD PUBLIC SCHOOLS**

*Notes to the Financial Statements  
Year Ended June 30, 2013*

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

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

	Balance <u>June 30, 2013</u>
Bonds Payable:	
\$9,225,000 – 2005 Refunding School Building and Site Bonds due in annual installments of \$1,400,000 to \$1,710,000 through May 1, 2014, beginning May 1, 2009, plus interest at 3.0% to 5.0%.	<u>\$1,710,000</u>
Notes Payable:	
Bank of America Bus Note: Term note, payable \$112,008 annually, beginning September 14, 2007, including interest at 4.35% due September 14, 2013, secured by buses.	\$107,340
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.	152,525
Monroe Bank & Trust Stadium Concession Stand Note: Term note, was refinanced February 3, 2012, with principle amount and interest of \$1,584 monthly, interest at 4.25%, with the balance of principle and interest due April 3, 2014.	<u>13,655</u>
Total Notes Payable	<u>\$273,520</u>

**BEDFORD PUBLIC SCHOOLS**

*Notes to the Financial Statements  
Year Ended June 30, 2013*

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

Principal and interest requirements to retire the 2005 Refunding School Bonds are as follows:

Year Ending June 30	Interest Requirements		Principal Requirements	Total
	November 1	May 1	May 1	Requirements
2014	\$42,750	\$42,750	\$1,710,000	\$1,795,500

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

Year Ending June 30	Interest Requirements	Principal Requirements	Total Requirements
2014	\$96,522	\$1,854,885	\$1,951,407
2015	5,060	24,940	30,000
2016	3,975	26,025	30,000
2017	4,851	77,670	82,521
	<u>\$110,408</u>	<u>\$1,983,520</u>	<u>\$2,093,928</u>

**BEDFORD PUBLIC SCHOOLS**

*Notes to the Financial Statements  
Year Ended June 30, 2013*

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**Note 12 - Contingencies**

**A. Grants**

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

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2013.

**B. Litigation**

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

**Note 13 – Short-Term Debt Activity**

The School has various options for short-term financing including tax anticipation notes, state aid anticipation notes and lines of credit. The School entered into a short-term financing arrangement during the fiscal year ended June 30, 2013. 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, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
State aid anticipation note	<u>\$8,000,000</u>	<u>\$9,000,000</u>	<u>\$8,000,000</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 14 – Enhancement Millage for Technology**

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

**Note 15 – Governmental Regulation**

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

**BEDFORD PUBLIC SCHOOLS**

*Notes to the Financial Statements  
Year Ended June 30, 2013*

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**Note 16 – Michigan Unemployment Tax**

The School is liable to the State for unemployment claims against the School on a reimbursement basis. For the year ended June 30, 2013, the School incurred claims of \$16,859.

**Note 17 – Capital Project Fund**

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

**Note 18 – Sinking Fund**

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

**Note 19 – Deficit Fund Balance**

The General Fund had a deficit fund balance at June 30, 2013 of \$189,632. The School District Deficit Elimination Plan was submitted to the State of Michigan and granted a contingent approval on September 13, 2013.

**Note 20 – Subsequent Event**

On August 20, 2013, the School District borrowed \$5,225,000 with an interest rate of 1.050% and \$4,275,000 with an interest rate of 1.378%, with a maturity date of August 20, 2014.

**BEDFORD PUBLIC SCHOOLS**

*General Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local sources	\$3,969,108	\$3,984,057	\$3,786,893	(\$197,164)
State sources	31,965,570	32,386,168	32,042,883	(343,285)
Federal sources	842,371	975,536	765,501	(210,035)
Interdistrict and other sources	1,490,659	1,435,659	1,365,666	(69,993)
<b>Total Revenues</b>	<b>38,267,708</b>	<b>38,781,420</b>	<b>37,960,943</b>	<b>(820,477)</b>
<b>Expenditures</b>				
Current:				
Instruction	24,230,876	25,087,965	24,316,286	771,679
Support services	13,729,444	14,021,226	13,132,162	889,064
Community services	87,576	0	0	0
Interdistrict and other uses	16,958	0	0	0
Debt Service:				
Principal retirement	124,978	143,932	143,880	52
Interest and fiscal charges	181,695	534,709	87,396	447,313
<b>Total Expenditures</b>	<b>38,371,527</b>	<b>39,787,832</b>	<b>37,679,724</b>	<b>2,108,108</b>
Excess (Deficiency) of Revenues Over Expenditures	(103,819)	(1,006,412)	281,219	1,287,631
<b>Other Financing Sources (Uses)</b>				
Operating transfer in	92,233	93,233	156,050	62,817
Operating transfer out	(45,125)	(45,125)	0	45,125
<b>Total Other Financing Sources (Uses)</b>	<b>47,108</b>	<b>48,108</b>	<b>156,050</b>	<b>107,942</b>
<b>Net Change in Fund Balances</b>	<b>(56,711)</b>	<b>(958,304)</b>	<b>437,269</b>	<b>1,395,573</b>
Fund Balances - Beginning of year	(1,420,265)	(626,901)	(626,901)	0
Fund Balances - End of year	<u>(\$1,476,976)</u>	<u>(\$1,585,205)</u>	<u>(\$189,632)</u>	<u>\$1,395,573</u>

**BEDFORD PUBLIC SCHOOLS**

*General Fund  
Schedule of Revenues-Budget and Actual  
Year Ended June 30, 2013*

	Final Budget	Actual	Positive (Negative) Budget
<b>Local Sources</b>			
Property taxes	\$3,363,249	\$3,228,172	(\$135,077)
Local contributions	40,100	40,005	(95)
Rental income	93,570	93,570	0
Tuition	86,690	72,659	(14,031)
Earnings on investments	3,600	3,414	(186)
Athletics	273,616	270,181	(3,435)
Other local revenue	123,232	78,892	(44,340)
<b>Total Local Sources</b>	<b>3,984,057</b>	<b>3,786,893</b>	<b>(197,164)</b>
<b>State Sources</b>			
Unrestricted grants:			
Proposal A obligation	18,522,945	18,498,587	(24,358)
Discretionary payment	10,370,855	10,320,213	(50,642)
Best practices	244,757	255,596	10,839
Renaissance zone	17,183	17,183	0
Restricted grants:			
Adult education	18,207	21,504	3,297
Special education Headlee obligation	1,374,826	1,248,765	(126,061)
Headlee obligation for data collection	115,449	114,927	(522)
School readiness	167,446	69,980	(97,466)
At risk	441,591	384,675	(56,916)
MPSERS cost offset	486,493	486,532	39
MPSERS UAAL	460,717	460,832	115
Vocational education	0	2,574	2,574
Other state grants	50,100	50,490	390
Transfer from intermediate school district:			
Vocational education added costs	115,599	111,025	(4,574)
<b>Total State Sources</b>	<b>32,386,168</b>	<b>32,042,883</b>	<b>(343,285)</b>
<b>Federal Sources</b>			
Title I	466,793	371,472	(95,321)
Title II - improving teacher quality	270,201	172,927	(97,274)
Title III - limited english proficient	7,160	3,658	(3,502)
Federal adult education ABE instruction	70,000	61,530	(8,470)
Education jobs fund	84,948	84,948	0
Transfer from intermediate school district:			
Medicaid outreach program	10,400	4,932	(5,468)
McKinney-Vento homeless students' assistance	972	972	0
Perkins	65,062	65,062	0
<b>Total Federal Sources</b>	<b>975,536</b>	<b>765,501</b>	<b>(210,035)</b>
<b>Interdistrict and Other Sources</b>			
Tuition	0	312	312
Miscellaneous sources	7,000	6,990	(10)
Transfer from intermediate school district:			
County special education tax	1,428,659	1,358,364	(70,295)
<b>Total Interdistrict and Other Sources</b>	<b>1,435,659</b>	<b>1,365,666</b>	<b>(69,993)</b>
<b>Total Revenues</b>	<b>38,781,420</b>	<b>37,960,943</b>	<b>(820,477)</b>
<b>Other Financing Sources</b>			
Transfer in from other funds	93,233	156,050	62,817
<b>Total Revenues and Other Financing Sources</b>	<b>\$38,874,653</b>	<b>\$38,116,993</b>	<b>(\$757,660)</b>

**BEDFORD PUBLIC SCHOOLS**

*General Fund  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2013*

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
<b>Instruction</b>			
Basic Programs:			
Elementary	\$5,558,492	\$3,187,104	\$159,088
Middle School	2,769,514	1,496,445	98,495
High School	3,891,972	2,059,122	117,119
Other basic programs	118,647	30,543	8,695
	<u>12,338,625</u>	<u>6,773,214</u>	<u>383,397</u>
Added Needs:			
Special education	1,654,504	862,274	45,241
Compensatory education	469,108	183,245	68,800
Vocational education	497,914	298,527	17,830
	<u>2,621,526</u>	<u>1,344,046</u>	<u>131,871</u>
Adult and Continuing Education:			
Basic	8,301	2,809	6,338
Secondary	8,566	2,819	3,692
Enrichment	22,053	8,597	38,709
	<u>38,920</u>	<u>14,225</u>	<u>48,739</u>
Other Instructional Services	0	50,140	0
	<u>0</u>	<u>50,140</u>	<u>0</u>
Total Instruction	14,999,071	8,181,625	564,007
<b>Support Services</b>			
Pupil:			
Truancy/absenteeism	2,751	897	0
Guidance	416,254	227,779	45
Health	172,847	77,164	5,226
Speech	308,185	185,548	44,160
Other pupil services	67,261	50,568	163,252
	<u>967,298</u>	<u>541,956</u>	<u>212,683</u>
Instructional Staff:			
Improvement of instruction	17,486	6,926	176,069
Education media services	233,608	150,520	0
Instruction related technology	0	0	336
Supervision direction	12,185	5,016	4,679
Academic student achievement	0	0	0
Other instructional staff services	288,279	111,264	928
	<u>551,558</u>	<u>273,726</u>	<u>182,012</u>
General Administration:			
Board of Education	3,000	0	289,666
Executive administration	158,475	118,441	939
	<u>161,475</u>	<u>118,441</u>	<u>290,605</u>
School Administration:			
Office of the principal	1,485,642	505,644	5,222
Other school administration	0	284,070	0
	<u>1,485,642</u>	<u>789,714</u>	<u>5,222</u>
Business Administration:			
Fiscal services	200,136	104,423	124,990
Other business administration	0	0	27,502
	<u>200,136</u>	<u>104,423</u>	<u>152,492</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$176,221	\$0	\$0	\$9,080,905	\$9,311,547	\$230,642
78,907	0	107	4,443,468	4,601,229	157,761
67,690	0	119,023	6,254,926	6,414,983	160,057
7,453	0	0	165,338	107,266	(58,072)
<u>330,271</u>	<u>0</u>	<u>119,130</u>	<u>19,944,637</u>	<u>20,435,025</u>	<u>490,388</u>
9,795	0	0	2,571,814	2,586,556	14,742
167	0	0	721,320	826,309	104,989
106,957	0	119	921,347	983,814	62,467
<u>116,919</u>	<u>0</u>	<u>119</u>	<u>4,214,481</u>	<u>4,396,679</u>	<u>182,198</u>
2,985	0	0	20,433	27,614	7,181
0	0	0	15,077	20,575	5,498
841	0	1,318	71,518	71,468	(50)
<u>3,826</u>	<u>0</u>	<u>1,318</u>	<u>107,028</u>	<u>119,657</u>	<u>12,629</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>50,140</u>	<u>136,604</u>	<u>86,464</u>
451,016	0	120,567	24,316,286	25,087,965	771,679
0	0	0	3,648	4,211	563
88	0	0	644,166	640,681	(3,485)
3,163	0	0	258,400	258,366	(34)
0	0	0	537,893	570,944	33,051
0	0	3,907	284,988	275,362	(9,626)
<u>3,251</u>	<u>0</u>	<u>3,907</u>	<u>1,729,095</u>	<u>1,749,564</u>	<u>20,469</u>
31,782	0	0	232,263	81,818	(150,445)
21,331	0	0	405,459	418,037	12,578
0	0	0	336	880	544
1,380	0	8,748	32,008	38,235	6,227
0	0	0	0	498	498
1,739	0	218	402,428	404,050	1,622
<u>56,232</u>	<u>0</u>	<u>8,966</u>	<u>1,072,494</u>	<u>943,518</u>	<u>(128,976)</u>
0	0	8,312	300,978	297,221	(3,757)
2,096	0	3,698	283,649	378,697	95,048
<u>2,096</u>	<u>0</u>	<u>12,010</u>	<u>584,627</u>	<u>675,918</u>	<u>91,291</u>
8,807	0	5,848	2,011,163	2,271,019	259,856
0	0	4,660	288,730	332,144	43,414
<u>8,807</u>	<u>0</u>	<u>10,508</u>	<u>2,299,893</u>	<u>2,603,163</u>	<u>303,270</u>
3,678	0	113,877	547,104	526,645	(20,459)
0	0	0	27,502	27,682	180
<u>3,678</u>	<u>0</u>	<u>113,877</u>	<u>574,606</u>	<u>554,327</u>	<u>(20,279)</u>



**BEDFORD PUBLIC SCHOOLS**

*General Fund  
Schedule of Expenditures - Budget and Actual  
Year Ended June 30, 2013*

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>
<b>(Concluded)</b>			
<b>Support Services</b>			
Operation and maintenance	\$1,375,503	\$881,014	\$305,123
Pupil transportation	988,232	696,381	77,022
Central Services:			
Planning, research, development, and evaluation	7,932	2,737	0
Information services	0	0	55,585
Staff services	267,315	143,721	34,381
Other central services	0	0	115,391
	<u>275,247</u>	<u>146,458</u>	<u>205,357</u>
Athletics	<u>397,969</u>	<u>152,512</u>	<u>107,671</u>
Total Support Services	6,403,060	3,704,625	1,538,187
<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	21,402,131	11,886,250	2,102,194
<b>Other Financing Uses</b>			
Fund Modifications:			
Transfer to other funds	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures and Other Financing Uses	<u>\$21,402,131</u>	<u>\$11,886,250</u>	<u>\$2,102,194</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$823,060	\$0	\$7,748	\$3,392,448	\$3,787,580	\$395,132
319,526	17,929	664	2,099,754	2,197,612	97,858
0	0	0	10,669	10,492	(177)
3,451	0	243	59,279	58,939	(340)
2,682	0	1,501	449,600	535,917	86,317
0	0	0	115,391	128,631	13,240
<u>6,133</u>	<u>0</u>	<u>1,744</u>	<u>634,939</u>	<u>733,979</u>	<u>99,040</u>
51,352	0	34,802	744,306	775,565	31,259
1,274,135	17,929	194,226	13,132,162	14,021,226	889,064
0	0	143,880	143,880	143,932	52
0	0	87,396	87,396	534,709	447,313
<u>0</u>	<u>0</u>	<u>231,276</u>	<u>231,276</u>	<u>678,641</u>	<u>447,365</u>
1,725,151	17,929	546,069	37,679,724	39,787,832	2,108,108
0	0	0	0	45,125	45,125
<u>\$1,725,151</u>	<u>\$17,929</u>	<u>\$546,069</u>	<u>\$37,679,724</u>	<u>\$39,832,957</u>	<u>\$2,153,233</u>

**BEDFORD PUBLIC SCHOOLS**

*Technology Enhancement Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2013*

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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local Sources:				
Taxes	\$1,255,743	\$1,155,742	\$1,155,294	(\$448)
Total Revenues	1,255,743	1,155,742	1,155,294	(448)
<b>Expenditures</b>				
Current:				
Support services	1,190,526	1,139,257	1,126,040	13,217
Total Expenditures	1,190,526	1,139,257	1,126,040	13,217
<b>Net Change in Fund Balances</b>	65,217	16,485	29,254	12,769
Fund Balance - Beginning of year	81,328	108,104	108,104	0
Fund Balance - End of year	<u>\$146,545</u>	<u>\$124,589</u>	<u>\$137,358</u>	<u>\$12,769</u>

**BEDFORD PUBLIC SCHOOLS**

*Capital Maintenance Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local Sources:				
Other local revenues	\$24,000	\$0	\$25,800	\$25,800
Total Revenues	24,000	0	25,800	25,800
<b>Expenditures</b>				
Current:				
Support services	100,000	37,056	63,247	(26,191)
Total Expenditures	100,000	37,056	63,247	(26,191)
Excess (Deficiency) of Revenue Over Expenditures	(76,000)	(37,056)	(37,447)	(391)
<b>Other Financing Sources (Uses)</b>				
Transfers in	45,125	45,125	0	(45,125)
<b>Net Change in Fund Balances</b>	(30,875)	8,069	(37,447)	(45,516)
Fund Balance - Beginning of year	120,685	153,456	153,456	0
Fund Balance - End of year	\$89,810	\$161,525	\$116,009	(\$45,516)

**BEDFORD PUBLIC SCHOOLS**

*Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2013*

	Special Revenue Funds				
	Food Service	RSVP	Senior Center	Health Van	Recreation
<b>Assets</b>					
Cash and cash equivalents	\$31,238	\$77,152	\$207,573	\$3,286	\$26,786
Receivables:					
Accounts	8,966	129	34,952	9,926	3,495
Prepaid expenses	0	1,639	0	0	0
Inventories	19,669	0	0	0	0
 Total Assets	 <u>\$59,873</u>	 <u>\$78,920</u>	 <u>\$242,525</u>	 <u>\$13,212</u>	 <u>\$30,281</u>
 <b>Liabilities</b>					
Accounts payable	\$22,676	\$738	\$11,902	\$167	\$15,867
Accrued wages and benefits	420	1,983	6,303	2,747	14,414
Due to other funds	0	0	39,090	4,136	0
Unearned revenue	17,021	0	0	0	0
 Total Liabilities	 40,117	 2,721	 57,295	 7,050	 30,281
 <b>Fund Balances</b>					
Nonspendable:					
Prepaid expenses	0	1,639	0	0	0
Inventory	19,669	0	0	0	0
Restricted for:					
Food service	87	0	0	0	0
Community service	0	74,560	185,230	6,162	0
Debt service	0	0	0	0	0
Capital projects	0	0	0	0	0
 Total Fund Balance	 <u>19,756</u>	 <u>76,199</u>	 <u>185,230</u>	 <u>6,162</u>	 <u>0</u>
 Total Liabilities and Fund Balances	 <u>\$59,873</u>	 <u>\$78,920</u>	 <u>\$242,525</u>	 <u>\$13,212</u>	 <u>\$30,281</u>

		Debt Service Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
Latchkey	Summer Latchkey	2005 Refunding School Bond	Durant	Sinking	
\$9,486	\$10,025	\$149,249	\$0	\$582,937	\$1,097,732
411	3,485	0	0	0	61,364
967	0	0	0	0	2,606
0	0	0	0	0	19,669
<u>\$10,864</u>	<u>\$13,510</u>	<u>\$149,249</u>	<u>\$0</u>	<u>\$582,937</u>	<u>\$1,181,371</u>
\$783	\$1,232	\$772	\$0	\$204,970	\$259,107
9,114	12,278	0	0	0	47,259
0	0	0	0	0	43,226
0	0	0	0	0	17,021
9,897	13,510	772	0	204,970	366,613
967	0	0	0	0	2,606
0	0	0	0	0	19,669
0	0	0	0	0	87
0	0	0	0	0	265,952
0	0	148,477	0	0	148,477
0	0	0	0	377,967	377,967
967	0	148,477	0	377,967	814,758
<u>\$10,864</u>	<u>\$13,510</u>	<u>\$149,249</u>	<u>\$0</u>	<u>\$582,937</u>	<u>\$1,181,371</u>

**BEDFORD PUBLIC SCHOOLS**

*Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2013*

	Special Revenue Funds				
	Food Service	RSVP	Senior Center	Health Van	Recreation
<b>Revenues</b>					
Local sources	\$675,990	\$58,623	\$317,520	\$71,799	\$519,130
State sources	36,010	24,319	0	59,337	0
Federal sources	524,094	88,935	18,621	0	0
<b>Total Revenues</b>	<b>1,236,094</b>	<b>171,877</b>	<b>336,141</b>	<b>131,136</b>	<b>519,130</b>
<b>Expenditures</b>					
Current:					
Support services	0	0	0	0	0
Food service	1,370,443	0	0	0	0
Community services	0	181,267	414,954	109,997	440,272
Debt Service:					
Principal retirement	0	0	0	0	0
Interest and fiscal charges	0	0	0	0	0
Other	0	0	0	0	0
<b>Total Expenditures</b>	<b>1,370,443</b>	<b>181,267</b>	<b>414,954</b>	<b>109,997</b>	<b>440,272</b>
Excess (Deficiency) of Revenues Over Expenditures	(134,349)	(9,390)	(78,813)	21,139	78,858
<b>Other Financing Sources (Uses)</b>					
Transfers out	(22,800)	(881)	0	(14,977)	(78,858)
<b>Net Change in Fund Balances</b>	<b>(157,149)</b>	<b>(10,271)</b>	<b>(78,813)</b>	<b>6,162</b>	<b>0</b>
Fund Balances - Beginning of year	176,905	86,470	264,043	0	0
Fund Balances - End of year	<b>\$19,756</b>	<b>\$76,199</b>	<b>\$185,230</b>	<b>\$6,162</b>	<b>\$0</b>

		Debt Service Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
Latchkey	Summer Latchkey	2005 Refunding School Bond	Durant	Sinking	
\$230,424	\$114,146	\$1,907,640	\$0	\$484,783	\$4,380,055
0	0	0	28,601	0	148,267
0	0	0	0	0	631,650
230,424	114,146	1,907,640	28,601	484,783	5,159,972
0	0	0	0	440,849	440,849
0	0	0	0	0	1,370,443
227,876	77,193	0	0	0	1,451,559
0	0	1,630,000	27,301	0	1,657,301
0	0	167,000	1,300	0	168,300
0	0	6,806	0	0	6,806
227,876	77,193	1,803,806	28,601	440,849	5,095,258
2,548	36,953	103,834	0	43,934	64,714
(1,581)	(36,953)	0	0	0	(156,050)
967	0	103,834	0	43,934	(91,336)
0	0	44,643	0	334,033	906,094
\$967	\$0	\$148,477	\$0	\$377,967	\$814,758



**BEDFORD PUBLIC SCHOOLS**

*Food Service Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2013*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Budget</u>
<b>Revenues</b>				
Local Sources:				
Food sales	\$916,270	\$688,997	\$675,990	(\$13,007)
State Sources:				
Restricted grants	79,424	53,223	36,010	(17,213)
Federal Sources:				
School lunch program	499,688	526,189	472,189	(54,000)
Federal commodities	86,547	76,547	51,905	(24,642)
	<u>586,235</u>	<u>602,736</u>	<u>524,094</u>	<u>(78,642)</u>
Total Revenues	1,581,929	1,344,956	1,236,094	(108,862)
<b>Expenditures</b>				
Food Service:				
Salaries	363,644	404,595	395,545	9,050
Employee benefits	203,563	216,716	184,188	32,528
Purchased services	217,868	202,933	199,325	3,608
Supplies and materials	688,758	632,058	585,642	46,416
Capital outlay	2,206	0	0	0
Other	6,229	5,829	5,743	86
	<u>1,482,268</u>	<u>1,462,131</u>	<u>1,370,443</u>	<u>91,688</u>
Total Expenditures	1,482,268	1,462,131	1,370,443	91,688
Excess (Deficiency) of Revenue Over Expenditures	99,661	(117,175)	(134,349)	(17,174)
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	<u>(22,800)</u>	<u>7,200</u>
<b>Net Change in Fund Balances</b>	69,661	(147,175)	(157,149)	(9,974)
Fund Balance - Beginning of year	<u>232,562</u>	<u>176,905</u>	<u>176,905</u>	<u>0</u>
Fund Balance - End of year	<u>\$302,223</u>	<u>\$29,730</u>	<u>\$19,756</u>	<u>(\$9,974)</u>

**BEDFORD PUBLIC SCHOOLS**

*RSVP Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2013*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Local unit appropriations	\$109,862	\$109,862	\$58,597	(\$51,265)
Other local revenues	475	6,479	26	(6,453)
	<u>110,337</u>	<u>116,341</u>	<u>58,623</u>	<u>(57,718)</u>
State Sources:				
OSA	24,319	24,319	24,319	0
Federal Sources:				
Retired and Senior Volunteer Program	88,942	90,942	88,935	(2,007)
Total Revenues	223,598	231,602	171,877	(59,725)
<b>Expenditures</b>				
Community Services:				
Salaries	97,735	87,312	92,943	(5,631)
Employee benefits	60,988	45,708	42,326	3,382
Purchased services	74,493	46,950	44,798	2,152
Supplies and materials	(11,418)	1,400	1,182	218
Other	1,800	1,018	18	1,000
Total Expenditures	<u>223,598</u>	<u>182,388</u>	<u>181,267</u>	<u>1,121</u>
Excess (Deficiency) of Revenue Over Expenditures	0	49,214	(9,390)	(58,604)
<b>Other Financing Sources (Uses)</b>				
Transfer out	0	0	(881)	(881)
<b>Net Change in Fund Balances</b>	0	49,214	(10,271)	(59,485)
Fund Balance - Beginning of year	<u>43,659</u>	<u>86,470</u>	<u>86,470</u>	<u>0</u>
Fund Balance - End of year	<u>\$43,659</u>	<u>\$135,684</u>	<u>\$76,199</u>	<u>(\$59,485)</u>

**BEDFORD PUBLIC SCHOOLS**

*Senior Center Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2013*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Local unit appropriations	\$183,588	\$223,965	\$175,952	(\$48,013)
Contributions and donations	4,800	11,800	12,935	1,135
Meals	66,800	70,000	103,254	33,254
Other local revenues	31,430	29,930	25,379	(4,551)
	<u>286,618</u>	<u>335,695</u>	<u>317,520</u>	<u>(18,175)</u>
Federal Sources:				
Title III, Part C	34,500	60,500	18,621	(41,879)
	<u>321,118</u>	<u>396,195</u>	<u>336,141</u>	<u>(60,054)</u>
<b>Expenditures</b>				
Community Services:				
Salaries	157,585	161,933	158,055	3,878
Employee benefits	78,222	74,375	71,219	3,156
Purchased services	16,797	21,247	23,836	(2,589)
Supplies and materials	68,414	104,000	103,329	671
Other	100	75	58,515	(58,440)
	<u>321,118</u>	<u>361,630</u>	<u>414,954</u>	<u>(53,324)</u>
<b>Net Change in Fund Balances</b>	0	34,565	(78,813)	(113,378)
Fund Balance - Beginning of year	<u>240,987</u>	<u>264,043</u>	<u>264,043</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$240,987</u></u>	<u><u>\$298,608</u></u>	<u><u>\$185,230</u></u>	<u><u>(\$113,378)</u></u>

**BEDFORD PUBLIC SCHOOLS**

*Health Van Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2013*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Local unit appropriations	\$34,756	\$60,006	\$42,801	(\$17,205)
Service fees	24,795	25,132	25,389	257
Contributions and donations	16,300	12,164	3,609	(8,555)
	<u>75,851</u>	<u>97,302</u>	<u>71,799</u>	<u>(25,503)</u>
State Sources:				
Other state grants	53,150	54,150	59,337	5,187
	<u>53,150</u>	<u>54,150</u>	<u>59,337</u>	<u>5,187</u>
Total Revenues	129,001	151,452	131,136	(20,316)
<b>Expenditures</b>				
Community Services:				
Salaries	61,298	54,216	51,811	2,405
Employee benefits	29,424	19,742	18,018	1,724
Purchased services	3,025	2,340	1,964	376
Supplies and materials	35,029	37,627	37,952	(325)
Other	225	252	252	0
	<u>61,298</u>	<u>54,216</u>	<u>51,811</u>	<u>2,405</u>
Total Expenditures	129,001	114,177	109,997	4,180
Excess (Deficiency) of Revenue Over Expenditures	0	37,275	21,139	(16,136)
<b>Other Financing Sources (Uses)</b>				
Transfers in	0	7,296	0	(7,296)
Transfers out	0	0	(14,977)	(14,977)
	<u>0</u>	<u>7,296</u>	<u>(14,977)</u>	<u>(22,273)</u>
Total Other Financing Sources (Uses)	0	7,296	(14,977)	(22,273)
<b>Net Change in Fund Balances</b>	0	44,571	6,162	(38,409)
Fund Balance - Beginning of year	0	0	0	0
Fund Balance - End of year	<u>\$0</u>	<u>\$44,571</u>	<u>\$6,162</u>	<u>(\$38,409)</u>

**BEDFORD PUBLIC SCHOOLS**

*Recreation Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2013*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Local unit appropriations	\$40,000	\$40,000	\$35,000	(\$5,000)
Service fees	440,000	494,500	464,005	(30,495)
Rental income	3,000	23,000	20,125	(2,875)
Total Revenues	483,000	557,500	519,130	(38,370)
<b>Expenditures</b>				
Community Services:				
Salaries	178,665	178,665	178,958	(293)
Employee benefits	83,218	85,385	80,081	5,304
Purchased services	118,511	118,511	123,505	(4,994)
Supplies and materials	50,353	48,353	48,705	(352)
Capital outlay	25,000	25,000	803	24,197
Other	5,750	5,750	8,220	(2,470)
Total Expenditures	461,497	461,664	440,272	21,392
Excess (Deficiency) of Revenue Over Expenditures	21,503	95,836	78,858	(16,978)
<b>Other Financing Sources (Uses)</b>				
Transfers out	(21,503)	(53,153)	(78,858)	(25,705)
<b>Net Change in Fund Balances</b>	0	42,683	0	(42,683)
Fund Balance - Beginning of year	0	0	0	0
Fund Balance - End of year	\$0	\$42,683	\$0	(\$42,683)

**BEDFORD PUBLIC SCHOOLS**

*Latchkey Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2013*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Tuition	\$234,441	\$234,445	\$230,424	(\$4,021)
Total Revenues	234,441	234,445	230,424	(4,021)
<b>Expenditures</b>				
Community Services:				
Salaries	143,905	166,623	152,920	13,703
Employee benefits	36,512	66,203	58,834	7,369
Purchased services	4,938	4,915	4,544	371
Supplies and materials	14,086	11,254	11,578	(324)
Other	35,000	17,100	0	17,100
Total Expenditures	234,441	266,095	227,876	38,219
Excess (Deficiency) of Revenue Over Expenditures	0	(31,650)	2,548	34,198
<b>Other Financing Sources (Uses)</b>				
Transfers in	0	31,650	0	(31,650)
Tranfers out	0	0	(1,581)	(1,581)
Total Other Financing Sources (Uses)	0	31,650	(1,581)	(33,231)
<b>Net Change in Fund Balances</b>	0	0	967	967
Fund Balance - Beginning of year	0	0	0	0
Fund Balance - End of year	\$0	\$0	\$967	\$967

**BEDFORD PUBLIC SCHOOLS**

*Summer Latchkey Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2013*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Budget</u>
<b>Revenues</b>				
Local Sources:				
Tuition	\$95,700	\$115,700	\$114,146	(\$1,554)
<b>Total Revenues</b>	<b>95,700</b>	<b>115,700</b>	<b>114,146</b>	<b>(1,554)</b>
<b>Expenditures</b>				
Community Services:				
Salaries	43,411	56,411	46,240	10,171
Employee benefits	21,159	18,075	15,400	2,675
Purchased services	8,700	8,700	7,506	1,194
Supplies and materials	9,700	7,900	8,047	(147)
Other	12,730	9,730	0	9,730
<b>Total Expenditures</b>	<b>95,700</b>	<b>100,816</b>	<b>77,193</b>	<b>13,893</b>
Excess (Deficiency) of Revenue Over Expenditures	0	14,884	36,953	12,339
<b>Other Financing Sources (Uses)</b>				
Transfers out	0	0	(36,953)	(36,953)
<b>Net Change in Fund Balances</b>	<b>0</b>	<b>14,884</b>	<b>0</b>	<b>(24,614)</b>
Fund Balance - Beginning of year	0	0	0	0
Fund Balance - End of year	<u>\$0</u>	<u>\$14,884</u>	<u>\$0</u>	<u>(\$24,614)</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, 2013*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Taxes	\$1,793,756	\$1,906,667	\$1,906,667	\$0
Interest	5,244	1,000	973	(27)
Total Revenues	<u>1,799,000</u>	<u>1,907,667</u>	<u>1,907,640</u>	<u>(27)</u>
<b>Expenditures</b>				
Debt Service:				
Principal retirement	1,555,000	1,630,000	1,630,000	0
Interest and fiscal charges	244,750	167,000	167,000	0
Other	3,500	4,141	6,806	(2,665)
Total Expenditures	<u>1,803,250</u>	<u>1,801,141</u>	<u>1,803,806</u>	<u>(2,665)</u>
<b>Net Change in Fund Balances</b>	(4,250)	106,526	103,834	(2,692)
Fund Balance - Beginning of year	<u>46,358</u>	<u>44,643</u>	<u>44,643</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$42,108</u></u>	<u><u>\$151,169</u></u>	<u><u>\$148,477</u></u>	<u><u>(\$2,692)</u></u>



**BEDFORD PUBLIC SCHOOLS**

*Durant Debt Service Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2013*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Budget</u>
<b>Revenues</b>				
State Sources:				
Durant settlement	<u>\$28,601</u>	<u>\$28,601</u>	<u>\$28,601</u>	<u>\$0</u>
Total Revenues	28,601	28,601	28,601	0
<b>Expenditures</b>				
Debt Service:				
Principal retirement	(25,916)	27,301	27,301	0
Interest and fiscal charges	<u>50,267</u>	<u>1,300</u>	<u>1,300</u>	<u>0</u>
Total Expenditures	<u>24,351</u>	<u>28,601</u>	<u>28,601</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	4,250	0	0	0
Fund Balance - Beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - End of year	<u><u>\$4,250</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

**BEDFORD PUBLIC SCHOOLS**

*Sinking Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended June 30, 2013*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Positive (Negative) Budget
<b>Revenues</b>				
Local Sources:				
Taxes	\$487,500	\$487,500	\$484,227	(\$3,273)
Interest	850	850	556	(294)
Total Revenues	488,350	488,350	484,783	(3,567)
<b>Expenditures</b>				
Current:				
Support services	529,024	719,289	440,849	278,440
Total Expenditures	529,024	719,289	440,849	278,440
<b>Net Change in Fund Balances</b>	(40,674)	(230,939)	43,934	274,873
Fund Balance - Beginning of year	176,129	334,033	334,033	0
Fund Balance - End of year	<u>\$135,455</u>	<u>\$103,094</u>	<u>\$377,967</u>	<u>\$274,873</u>

**BEDFORD PUBLIC SCHOOLS**

*Agency Funds*  
*Statement of Changes in Assets and Liabilities*  
*June 30, 2013*

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	Student Activities Agency Fund			
	Balance			Balance
	July 1, 2012	Additions	Deductions	June 30, 2013
<b>Assets</b>				
Cash and cash equivalents	\$603,198	\$1,354,683	\$1,380,898	\$576,983
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Liabilities</b>				
Due to students	\$603,198	\$1,354,683	\$1,380,898	\$576,983
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

**BEDFORD PUBLIC SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2013*

	Due to (From) School District <u>July 1, 2012</u>	<u>Receipts</u>	<u>Disbursements</u>	Due to (From) School District <u>June 30, 2013</u>
<b>HIGH SCHOOL</b>				
Anatomy	\$0	\$274	\$266	\$8
AP	5,107	13,101	14,113	4,095
Art	211	5,895	5,690	416
Artist Guild	137	0	65	72
Auto	682	1,944	2,312	314
Band	234	971	734	471
Baseball	45	6,425	6,392	78
BEA	500	500	1,000	0
Bedford Flower & Garden Club	0	3,400	2,400	1,000
Bedford Football Moms	0	3,873	1,800	2,073
Bedford Secretarial Assoc	200	200	200	200
Believe	1,231	0	1,231	0
Billing	440	1,784	2,224	0
Boys Basketball	6,220	27,226	19,093	14,353
Boys CC	1,113	3,268	1,860	2,521
Boys Soccer	4,716	12,032	11,111	5,637
Boys Swim & Dive	0	5,280	4,912	368
Boys Tennis	85	1,368	1,251	202
Boys Track	213	1,934	1,977	170
BPA	2,246	17,067	17,771	1,542
Calculators	612	3,440	1,714	2,338
Calculators SE	270	0	270	0
Carpentry	3,898	0	1,354	2,544
Cheer Club	8,570	50,826	49,498	9,898
Choir	2,487	101,536	102,757	1,266
Class of 2011	1,949	0	1,949	0
Class of 2012	6,250	0	6,250	0
Class of 2013	8,037	84	5,060	3,061
Class of 2014	2,345	31,396	26,088	7,653
Class of 2015	988	2,560	1,441	2,107
Class of 2016	0	2,704	1,085	1,619
Coaches Club	116	8,539	7,970	685
Commissions-Pepsi	1,552	1,554	2,381	725
Commissions-Pictures	13,151	12,470	11,985	13,636
Crafts	181	987	1,057	111
DECA	35	3,232	2,753	514
Drama	7,558	22,591	22,081	8,068
Drew Boggess	3,169	4,457	2,250	5,376
FCCLA	262	0	0	262
FCS	93	1,018	1,090	21
Fines	3,255	2,255	2,446	3,064
Football	7,363	55,649	60,867	2,145
French	346	0	0	346

**BEDFORD PUBLIC SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2013*

	Due to (From) School District July 1, 2012	Receipts	Disbursements	Due to (From) School District June 30, 2013
<b>HIGH SCHOOL(CONTINUED)</b>				
Gargas Service	\$70	\$500	\$361	\$209
General-Scholarship	4,819	1	700	4,120
General-Athletics	906	13,942	8,895	5,953
General-Stalker	1,038	3,083	3,653	468
German-Club	156	34	0	190
Girls Basketball	981	5,208	5,294	895
Girls CC	2,450	6,708	7,244	1,914
Girls Soccer	10,350	21,611	19,375	12,586
Girls Swim Team	1,480	11,696	5,727	7,449
Girls Tennis	19	9,189	6,647	2,561
Girls Track	99	412	94	417
Golf	1,303	5,383	6,400	286
Grad DVD	807	100	0	907
Graduates Inactive	14,960	7,634	250	22,344
Grapplerettes	256	2,270	2,161	365
Guidance Office	477	46	7	516
Health Fair	37	450	468	19
Hockey	9,440	32,487	31,793	10,134
Hutchinson Memorial	0	1,190	0	1,190
Journalism	56,038	43,004	98,923	119
KC for Special Ed	310	0	0	310
Kwiatkowski Drama	945	0	0	945
Law & Study	0	910	635	275
Leppert	750	0	750	0
Maschke	720	0	0	720
Math	1,626	12	12	1,626
Media Center	604	1,881	726	1,759
MI Youth In Govt	420	0	0	420
MME	84	120	0	204
MTS	1,000	1,000	2,000	0
Mule Mart	813	1,462	2,132	143
Mules for Hope	925	0	0	925
NHS	1,912	5,271	4,637	2,546
NYC	1,545	14,558	16,057	46
Orchestra	65	3,275	3,088	252
PAC	311	210	150	371
Parking	611	0	0	611
PE Locks	1,580	19,904	21,479	5
Personal Finance	0	145	120	25
Philip Zuchowski	5,450	1,525	500	6,475
Photo	2,920	5,595	5,604	2,911
PSAT	575	3,255	2,603	1,227
Psychology	207	633	691	149

**BEDFORD PUBLIC SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2013*

	Due to (From) School District July 1, 2012	Receipts	Disbursements	Due to (From) School District June 30, 2013
<b>HIGH SCHOOL(CONTINUED)</b>				
Rebate-Target	\$4,010	\$1,382	\$0	\$5,392
Red Cross	1,781	270	0	2,051
Richard Karazim	1,458	500	500	1,458
Richard Oswald Memorial	2,000	0	2,000	0
Robotics	2,280	48,395	42,247	8,428
Robotics	0	2,000	1,500	500
Ronald P Rejent	1,500	1,000	2,000	500
Running Club	0	4,912	2,042	2,870
Ryan Wolniewicz Golf	8,760	249	1,000	8,009
Ryan Wolniewicz Hockey	239	0	0	239
SADD	500	0	0	500
Sanderson Art	150	188	338	0
Sauk Valley	1,440	1,383	2,139	684
Senior Send Off	5,997	8,565	9,653	4,909
Silver Spoon	1,093	10,758	9,425	2,426
Skills USA	579	2,704	3,054	229
Softball	13,398	4,831	5,214	13,015
Soiree	5,294	16,856	14,971	7,179
Spanish	0	310	260	50
Speech	11	0	0	11
Sports Marketing	295	0	0	295
Student Council	15,695	27,046	24,289	18,452
Vanessa Pirrone Memorial	10,781	0	500	10,281
Vending	3,022	793	1,157	2,658
VICA	817	1,893	2,114	596
Volleyball	13,586	22,844	25,147	11,283
Weight Room	1,864	3,114	4,548	430
Weight Room - Staff	0	1,500	0	1,500
Wood Shop	13,787	3,968	10,914	6,841
Wrestling	624	405	498	531
Wrestling Room	124	0	0	124
	<u>336,011</u>	<u>802,410</u>	<u>833,434</u>	<u>304,987</u>
<b>JUNIOR HIGH</b>				
America's Culture	1,420	0	611	809
Art Club	1,219	578	200	1,597
Assignment Books	635	420	0	1,055
Band	7,733	11,870	11,298	8,305
Basketball- Boys	1,591	2,278	604	3,265
Basketball-Girls	1,700	1,982	847	2,835
BEA	0	10,968	10,968	0
Book Fines	2,437	1,020	9	3,448
Book Reimbursement	441	117	0	558
Box Tops	551	1,938	474	2,015

**BEDFORD PUBLIC SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2013*

	Due to (From) School District July 1, 2012	Receipts	Disbursements	Due to (From) School District June 30, 2013
<b>JUNIOR HIGH(CONTINUED)</b>				
CD Savings Account	\$3,113	\$0	\$3,113	\$0
Charity Club	0	199	197	2
Cheerleaders - 7th Grade	0	5,834	5,578	256
Cheerleaders - 8th Grade	7	12,683	10,607	2,083
Chess Club	25	79	0	104
Choir	0	2,807	2,228	579
Computer Club	170	105	0	275
Drama Club	143	131	95	179
Field Trips	2,164	7,841	6,565	3,440
Football	1,161	425	1,473	113
Football Moms	81	4,637	3,260	1,458
FTC Robotics	203	253	91	365
FTC Robotics #2	0	1,378	917	461
Fundraiser	213	29,117	29,180	150
Game Club	334	0	0	334
General Fund	5,202	19,437	23,391	1,248
Grapplerettes	705	158	0	863
Green Team	0	218	218	0
Journalism	6,480	21,913	16,503	11,890
Jr Girls Track	2,351	4,071	2,313	4,109
Juggling	204	0	0	204
Knights of Columbus	211	0	0	211
Library	1,272	494	41	1,725
Math Club	232	20	0	252
Mud Hens	0	1,000	0	1,000
N.J.H.S.	3,724	578	1,559	2,743
Newspaper	55	0	0	55
PD Savings	0	3,112	0	3,112
Physical Education	1,905	1,527	1,028	2,404
Picture Commission	8,940	11,736	13,393	7,283
PTSA Grant Money	550	0	0	550
Read A Thon	0	557	329	228
Reimbursement	0	29,819	29,819	0
Robotics - Loose Screws	0	1,648	1,350	298
Robotics	1,020	1,103	637	1,486
Running Club	0	0	0	0
School Store	425	0	195	230
Science Department	200	0	0	200
Sign Board	10,042	0	0	10,042
Strings	261	1,599	775	1,085
Student Council	5,676	7,405	4,552	8,529
Students Interact	216	750	966	0
Technology Education	5,097	1,728	0	6,825
Track- Boys	48	409	311	146
Track- Girls	140	1,463	727	876
Vending	216	4,147	4,363	0

**BEDFORD PUBLIC SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2013*

	Due to (From) School District July 1, 2012	Receipts	Disbursements	Due to (From) School District June 30, 2013
<b>JUNIOR HIGH(CONTINUED)</b>				
Vocabulary	\$148	\$0	\$0	\$148
Volleyball	2,239	4,267	4,628	1,878
Wrestling	1,565	2,499	3,989	75
	<u>84,465</u>	<u>218,318</u>	<u>199,402</u>	<u>103,381</u>
<b>DOUGLAS</b>				
5th Grade	0	26,024	23,321	2,703
Andrews, Matt	0	500	0	500
Auction	10,129	20,074	30,203	0
Cordray, Beverly	0	500	0	500
Digby, Laura	620	889	54	1,455
Dinwoody, Cailaen	0	753	0	753
Duran, Lisa	2	834	478	358
Ewing, Natalie	582	812	0	1,394
General Account	22,731	58,934	40,667	40,998
Go Green	960	200	0	1,160
Goa, Kim	389	714	0	1,103
Gossard, Michelle	0	1,358	550	808
Hill, Julie	935	1,006	935	1,006
Hinkle, Amy	0	729	718	11
Hirsch, Erin	0	500	0	500
Hite, Nicole	0	500	0	500
Johnson, Becky	624	1,515	1,233	906
Jordan, Nancy	403	8	411	0
Kearney, Jeanne	0	500	0	500
Keiser, Dawn	0	500	0	500
Klotz, Curtis	731	1,132	1,863	0
Kohlhofer, Kelly	0	500	0	500
Lee, Sandy	473	844	26	1,291
Liebnau, Corinne	359	10	369	0
Manning, Roger	1,059	974	1,059	974
McMullen, Bobbie	0	1,079	539	540
Media Center	1,176	108	0	1,284
Miller, Michelle	508	2,478	2,218	768
Nigh, Sarah	797	1,616	1,261	1,152
Powell, Kim	518	0	518	0
Relay for Life	0	232	0	232
Resource Room	602	812	390	1,024
Robotics	0	300	0	300
Rodegeb, Lynn	379	1,176	1,342	213
Shepherd, Sean	730	1,115	1,232	613
Snyder, Jeremy	582	812	0	1,394
Social Committee	55	0	55	0
Steinman, Wendy	156	916	989	83
Student Council	596	1,955	2,206	345
Taweel, Hoda	397	794	391	800



**BEDFORD PUBLIC SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2013*

	Due to (From) School District July 1, 2012	Receipts	Disbursements	Due to (From) School District June 30, 2013
<b>DOUGLAS(CONTINUED)</b>				
Watson, Judy	\$1,076	\$737	\$726	\$1,087
Winterstein, Judy	2,490	1,006	2,490	1,006
	<u>50,059</u>	<u>135,446</u>	<u>116,244</u>	<u>69,261</u>
<b>JACKMAN</b>				
Art & Music Department	0	4,950	0	4,950
Box Top Income	11,140	3,015	6,000	8,155
Camp	2,714	20,923	21,201	2,436
Developmental Kdg	231	0	131	100
Fund Raisers	147	1,846	1,914	79
General	10,861	39,405	43,800	6,466
Landscaping Grant	8	0	0	8
Library	4,494	2,570	1,502	5,562
Lounge	67	153	211	9
Richardson Scholarship	8,211	6	600	7,617
Robotics I	361	250	305	306
Shoe	377	4,290	4,078	589
Sixth Grade	157	0	0	157
Song Flute	97	359	411	45
SOS	497	5,000	5,016	481
Student Council	1,666	1,181	839	2,008
	<u>41,028</u>	<u>83,948</u>	<u>86,008</u>	<u>38,968</u>
<b>MONROE</b>				
Boberg 2nd Grade	171	70	0	241
Brandjord 3rd Grade	43	160	66	137
Bules/Liebnau Kdg	0	277	151	126
Camp Fund	461	18,783	19,244	0
Candy Fund	0	2,620	2,620	0
Culligan	0	630	622	8
DARE	0	325	325	0
Eaton 3rd Grade	0	75	59	16
Enrichment Fund	531	2,130	1,260	1,401
Etts 4th Grade	24	70	57	37
Field Trip	4,022	3,417	3,440	3,999
General	20,644	18,403	16,919	22,128
AV Supplies	0	26	26	0
Teaching Supplies	0	68	68	0
Gladieux 4th Grade	0	30	22	8
Gorniak 3rd Grade	8	0	8	0
Harasta 5th Grade	5	0	0	5
Herr Kindergarten	0	237	110	127
Hiemstra 1st Grade	13	143	63	93
Hulsebus 1st Grade	45	190	166	69
Jewell 2nd Grade	160	70	22	208
Kelly 4th Grade	0	132	116	16
Kiss 3rd Grade	124	45	66	103
Knights of Columbus	2,102	330	100	2,332

**BEDFORD PUBLIC SCHOOLS**

*Student Activities Agency Fund  
Summary of Receipts and Disbursements  
Year Ended June 30, 2013*

	Due to (From) School District July 1, 2012	Receipts	Disbursements	Due to (From) School District June 30, 2013
<b>MONROE(CONTINUED)</b>				
Kubitz 4th grade	\$5	\$0	\$5	\$0
Lykowski 5th Grade	1	60	0	61
Macke 5th Grade	18	0	0	18
Mazza Lockwood Memorial	1,425	300	600	1,125
Mazza Reading Fund	0	0	0	0
Media Center	1,196	194	201	1,189
Moore 4th Grade	53	0	53	0
Music-Newmeyer	14	655	669	0
Nicholes 3rd Grade	86	0	86	0
Office	219	0	0	219
One District One Book	0	4,786	4,786	0
Outdoor Educ. Tree Fund	22	53	12	63
Perry 2nd Grade	145	65	87	123
PTA	2	2,187	2,189	0
Reading Enrichment	1,122	326	322	1,126
Relay for Life	219	0	0	219
Robotics	0	1,000	907	93
Seegert Kdg	0	244	183	61
Shinaver Kdg	0	516	118	398
Snack Fund				
Bules	116	0	116	0
Gladieux	25	0	25	0
Herr	235	0	235	0
Hiemstra/Turley	50	15	65	0
Shinaver	1,007	0	1,007	0
Snyder/Hulsebus	218	15	233	0
Way	0	300	243	57
Snyder 1st Grade	32	232	27	237
Stanley 5th Grade	82	74	122	34
Student Council	1,818	0	0	1,818
Sunshine Fund	516	1,153	1,669	0
Turley 1st Grade	1	138	73	66
	<u>36,980</u>	<u>60,544</u>	<u>59,563</u>	<u>37,961</u>
<b>TEMPERANCE</b>				
Camp Fund (5th)	1,423	19,022	20,430	15
General	3,238	22,211	23,260	2,189
Media Center	11,794	111	84	11,821
Party & Snack	2,715	3,614	4,107	2,222
Pop	18,920	58	18,195	783
Social	1,510	459	931	1,038
Special Events	11,987	7,979	15,612	4,354
Student Council	3,068	563	3,628	3
	<u>54,655</u>	<u>54,017</u>	<u>86,247</u>	<u>22,425</u>
Total	<u>\$603,198</u>	<u>\$1,354,683</u>	<u>\$1,380,898</u>	<u>\$576,983</u>

**BEDFORD PUBLIC SCHOOLS**

*Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2013*

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Grant Number	Approved Grant Award Amount	Accrued (Deferred) Revenue July 1, 2012
<u>U.S. Department of Education</u>				
Passed Through State Department of Education:				
Title I	84.010	121530-1112	\$414,053	\$18,901
Title I	84.010	131530-1213	464,249	0
			<u>878,302</u>	<u>18,901</u>
Title II Part A - Improving Teacher Quality	84.367	120520-1112	268,715	7,784
Title II Part A - Improving Teacher Quality	84.367	130520-1213	238,269	0
			<u>506,984</u>	<u>7,784</u>
Education Jobs Fund	84.410A	112545-1112	84,948	0
Federal Audlt Education ABE Instruction	84.002	121130-121912	63,400	2,728
Federal Audlt Education ABE Instruction	84.002	131130-131912	70,000	0
			<u>133,400</u>	<u>2,728</u>
Total Passed Through State Department of Education			<u>1,603,634</u>	<u>29,413</u>
Passed Through Intermediate School Districts:				
McKinney-Vento Homeless Students' Assistance	84.196A	102325-1011	7,254	1,498
McKinney-Vento Homeless Students' Assistance	84.196A	112320-1011	972	0
			<u>8,226</u>	<u>1,498</u>
Perkins II - Vocational Education	84.048A	103520-101225	54,786	28,130
Perkins II - Vocational Education	84.048A	133520-131225	65,062	0
			<u>119,848</u>	<u>28,130</u>
Total Passed Through Intermediate School Districts			128,074	29,628
Passed Through Monroe Public Schools:				
Title III - Limited English Proficient	84.365A	130580-1213	6,259	0
Total U.S. Department of Education			1,737,967	<u><u>\$59,041</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, 2013
\$345,116	\$2,544	\$21,445	\$0
0	368,928	261,859	107,069
345,116	371,472	283,304	107,069
78,783	30,454	38,238	0
0	142,473	88,692	53,781
78,783	172,927	126,930	53,781
0	84,948	84,948	0
63,400	0	2,728	0
0	61,530	0	61,530
63,400	61,530	2,728	61,530
487,299	690,877	497,910	222,380
4,878	0	1,498	0
0	972	972	0
4,878	972	2,470	0
54,786	0	28,130	0
0	65,062	37,165	27,897
54,786	65,062	65,295	27,897
59,664	66,034	67,765	27,897
0	3,658	0	3,658
<u>\$546,963</u>	<u>760,569</u>	<u>\$565,675</u>	<u>\$253,935</u>

**BEDFORD PUBLIC SCHOOLS**

*Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2013*

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Grant Number	Approved Grant Award Amount	Accrued (Deferred) Revenue July 1, 2012
<u>U.S. Department of Health and Human Services</u>				
Passed Through Intermediate School District				
Medicaid Outreach Program	93.778		\$4,932	\$0
Title III - C, Nutrition Services	93.045	2011 - 12	23,970	0
Title III - C, Nutrition Services	93.045	2012 - 13	24,675	0
			<u>48,645</u>	<u>0</u>
Total U.S. Department of Health and Human Services			53,577	<u>\$0</u>
<u>U.S. Department of Agriculture</u>				
Passed Through State Department of Education:				
National School Lunch Program				
All Lunches	10.555	121960	435,800	\$0
All Lunches	10.555	131960	373,274	0
			<u>809,074</u>	<u>0</u>
School Breakfast Program	10.553	121970	56,461	0
School Breakfast Program	10.553	121970	51,604	0
			<u>108,065</u>	<u>0</u>
Total Passed Through State Department of Education			917,139	0
U.S.D.A. Donated Commodities				
Entitlements	10.555		51,905	0
Total U.S. Department of Agriculture			969,044	<u>\$0</u>
<u>U.S. Corporation for National Service</u>				
Retired and Senior Volunteer Program	94.002	11SRNMI005	88,942	0
Retired and Senior Volunteer Program	94.002	11SRNMI005	90,442	0
			<u>179,384</u>	<u>\$0</u>
Total Federal Financial Assistance			<u>\$2,849,530</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, 2013</u>
\$0	\$4,932	\$1,999	\$2,933
0	6,611	6,611	0
0	12,010	12,010	0
<u>0</u>	<u>18,621</u>	<u>18,621</u>	<u>0</u>
<u>\$0</u>	<u>23,553</u>	<u>\$20,620</u>	<u>\$2,933</u>
\$392,727	43,074	\$43,074	\$0
0	373,274	373,274	0
<u>392,727</u>	<u>416,348</u>	<u>416,348</u>	<u>0</u>
52,224	4,237	4,237	0
0	51,604	51,604	0
<u>52,224</u>	<u>55,841</u>	<u>55,841</u>	<u>0</u>
444,951	472,189	472,189	0
69,379	51,905	51,905	0
<u>\$514,330</u>	<u>524,094</u>	<u>\$524,094</u>	<u>\$0</u>
0	66,699	66,699	0
0	22,236	22,236	0
<u>\$0</u>	<u>88,935</u>	<u>\$88,935</u>	<u>\$0</u>
	<u>\$1,397,151</u>		

**BEDFORD PUBLIC SCHOOLS**

*Notes to the Schedules of Expenditures of Federal Awards  
Year Ended June 30, 2013*

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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, 2013*

---

**SUMMARY OF AUDIT RESULTS:**

1. The auditor's report expresses an unmodified opinion on the financial statements of Bedford Public Schools.
2. One significant deficiency was disclosed relating to the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses are reported.
3. One instance of noncompliance material to the financial statements of Bedford Public Schools, which would be required to be reported in accordance with *Governmental Auditing Standards*, was disclosed during the audit.
4. Two significant deficiencies and a material noncompliance with laws and regulations relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the Nutrition Cluster and Title I expresses an unmodified opinion on all major federal programs.
6. There were two 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 to be a low-risk auditee.

**FINDINGS - FINANCIAL STATEMENTS AUDIT:**

**2013-1      Material Audit Adjustments**

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

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

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

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



**BEDFORD PUBLIC SCHOOLS**

*Schedule of Findings and Questioned Costs  
Year Ended June 30, 2013*

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

*Recommendation:* The necessary adjustments have been made to the 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

2013-2

**Operating Deficit**

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

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

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

*Cause:* Due to an operating deficit incurred in the General Fund during the year ended June 30, 2012, the School has a cumulative deficit in the General Fund of \$189,632. During the year ended June 30, 2013, General Fund operations decreased the cumulative deficit by \$437,269.

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

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

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

**BEDFORD PUBLIC SCHOOLS**

*Schedule of Findings and Questioned Costs  
Year Ended June 30, 2013*

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FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT:

U.S. DEPARTMENT OF EDUCATION

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

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

*Program:* Title I, (CFDA #84.010).

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

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

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

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

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

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

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

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

**BEDFORD PUBLIC SCHOOLS**

*Schedule of Findings and Questioned Costs  
Year Ended June 30, 2013*

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2013-2

**Oversite of Grant Expenditures and Reimbursements**

*Finding Type:* Significant Deficiency in Internal Control over Compliance

*Program:* Title I, (CFDA #84.010)

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

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

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

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

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

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

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



COOLEY HEHL  
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October 21, 2013

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, 2013. 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 18, 2013. 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 2013, Bedford Public Schools implemented Governmental Accounting Standards Board Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Governmental Accounting Standards Board Statement Number 65, *Items Previously Reported as Assets and Liabilities*. 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.

To the Board of Education  
Bedford Public Schools

-2-

#### *Difficulties Encountered in Performing the Audit*

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

#### *Corrected and Uncorrected Misstatements*

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

#### *Disagreements with Management*

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

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 21, 2013.

#### *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

With respect to the supplementary information accompanying the financial statements, 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.

To the Board of Education  
Bedford Public Schools

-3-

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 Hehl Wollgamuth & Carlton*



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Board of Education  
Bedford Public Schools  
Monroe County, Michigan

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bedford Public Schools as of and for the year ended June 30, 2013, 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 opinion 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:

Budgets

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

Community Education Financial Statements

The Community Education general ledger combines several individual funds. During the audit, individual fund financial statements were not available. We recommend that the School District reconcile the individual funds to the combined general ledger on a regular basis.

Written Procedures

The School District does not have written internal control procedures. School Districts must have effective administrative and financial internal controls as a precondition to receive federal funds, and written procedures are required to reflect their controls. We recommend that such procedures be adopted as soon as possible. The Michigan Department of Education has examples of procedures on the website that can be used as a guide.

-2-

Grant Reimbursements

We noted grant expenditures that were incurred during the fiscal year that were not requested or included on the School District's Final Expenditure Report. Federal grant expenditures should be monitored and compared to the grant budget to ensure that all allowable requests are made in a timely manner. We recommend that procedures are implemented to monitor federal grant expenditures to ensure that all expenditures are reimbursed.

The following comments are not significant deficiencies or material weaknesses but a suggestion to improve your existing accounting and control systems.

Revenue

During the audit, we noted two revenue transactions that were posted to an expenditure account. Receipts for revenue should be posted to revenue accounts. We recommend that the general ledger be monitored to ensure that all transactions are recorded in the proper account.

Athletic Department

The athletic department collects all participation fees for a sport and keeps the cash in a locked closet until everyone has paid. Once all of the fees are collected the deposit is made. We suggest that, if the cash is substantial, deposits are made more often.

Balance of Contract

During audit procedures, we noted that the School District did not have a report for the balance of contract; the balance of contract report is used to verify the salary accrual. This report can only be produced on June 30. We suggest that the School District implement procedures to obtain this report at June 30.

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,



October 21, 2013