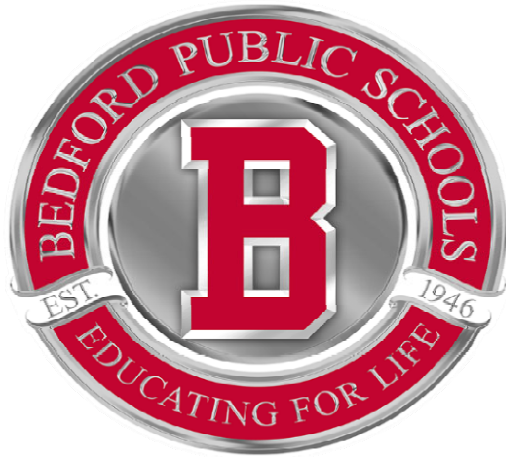


Bedford Public
Schools



Year Ended
June 30, 2023

Financial
Statements and
Single Audit Act
Compliance

Rehmann

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BEDFORD PUBLIC SCHOOLS

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INDEPENDENT AUDITORS' REPORT

October 31, 2023

Board of Education
Bedford Public Schools
Temperance, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Bedford Public Schools** (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the schedules for the pension and other postemployment benefit plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic 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 31, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lehmann Johnson LLC". The signature is written in a cursive, flowing style.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

BEDFORD PUBLIC SCHOOLS

Management's Discussion and Analysis

As management of Bedford Public Schools (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023.

Financial Highlights

· Total net position	\$ (37,742,032)
· Change in total net position	8,074,721
· Fund balances, governmental funds	22,469,048
· Change in fund balances, governmental funds	1,564,970
· Unassigned fund balance, general fund	11,362,761
· Change in fund balance, general fund	1,514,721
· Installment debt outstanding	28,325,000
· Change in installment debt	(1,035,000)

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, community services, athletics, and food service. The District had no business-type activities during the year.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District are considered to be governmental funds.

BEDFORD PUBLIC SCHOOLS

Management's Discussion and Analysis

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and the Thomas George Trust permanent fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided for the general fund and special revenue funds herein to demonstrate compliance with those budgets.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this management's discussion and analysis and the schedules for the Michigan Public Schools Employees' Retirement System pension and other postemployment benefit plan immediately following the notes to the financial statements. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the above required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$37,742,032 at the close of the most recent fiscal year.

BEDFORD PUBLIC SCHOOLS

Management's Discussion and Analysis

	Net Position	
	Governmental Activities	
	2023	2022
Assets		
Current and other assets	\$ 29,427,048	\$ 31,103,403
Capital assets, net	49,047,491	48,840,803
Total assets	<u>78,474,539</u>	<u>79,944,206</u>
Deferred outflows of resources	<u>34,731,316</u>	<u>17,362,776</u>
Liabilities		
Other liabilities	7,073,321	10,318,096
Long-term liabilities	130,984,653	96,547,143
Total liabilities	<u>138,057,974</u>	<u>106,865,239</u>
Deferred inflows of resources	<u>12,889,913</u>	<u>36,258,496</u>
Net position		
Net investment in capital assets	16,967,867	15,811,496
Restricted	7,061,234	7,015,646
Unrestricted (deficit)	<u>(61,771,133)</u>	<u>(68,643,895)</u>
Total net position	<u>\$ (37,742,032)</u>	<u>\$ (45,816,753)</u>

A portion of the District's net position, \$16,967,867, reflects its investment in capital assets (e.g., land improvements, buildings and improvements, machinery and equipment, and vehicles); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to the students it serves; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The deficit of \$61,771,133 in unrestricted net position of governmental activities represents the accumulated results of all past years' operations including the impact of implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. More detailed information on this can be seen in the notes to the financial statements. This number represents the amount that would remain if the District had to pay all bills today, including all noncurrent liabilities. This figure is comparable to a business' "net worth" or "owners' equity". This balance is directly affected each year by the District's operating results.

The results of this year's operations for the District as a whole are reported in the statement of activities, which shows the changes in net position for the fiscal year 2023.

BEDFORD PUBLIC SCHOOLS

Management's Discussion and Analysis

	Changes in Net Position	
	Governmental Activities	
	2023	2022
Revenues		
Program revenues:		
Charges for services	\$ 3,919,598	\$ 3,586,451
Operating grants and contributions	16,629,903	11,157,831
General revenues:		
Property taxes	7,143,039	6,582,748
State school aid	31,800,540	30,913,170
Grants and contributions not restricted to specific programs	2,504,670	2,461,990
Gain on sale of capital assets	24,757	314,246
Other	88,187	6,284
Total revenues	<u>62,110,694</u>	<u>55,022,720</u>
Expenses		
Instruction	26,139,193	21,818,991
Support services	18,647,059	17,489,938
Community services	1,040,609	762,220
Athletics	1,090,818	823,806
Food service	1,432,625	1,528,159
Unallocated depreciation/amortization	4,512,918	4,053,044
Interest on long-term debt	1,172,751	1,213,170
Total expenses	<u>54,035,973</u>	<u>47,689,328</u>
Change in net position	8,074,721	7,333,392
Net position, beginning of year	<u>(45,816,753)</u>	<u>(53,150,145)</u>
Net position, end of year	<u>\$ (37,742,032)</u>	<u>\$ (45,816,753)</u>

Governmental activities. Net position increased by \$8,074,721.

The key elements of this increase, in comparison to the prior year, are increases in program grants and contributions, property tax revenue, and State school aid. The District has also spent less on facility maintenance and repairs due to the 2019 bond initiative which made significant infrastructure upgrades.

BEDFORD PUBLIC SCHOOLS

Management's Discussion and Analysis

Financial Analysis of the Government's Funds

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$22,469,048, an increase of \$1,564,970 in comparison with the prior year. Approximately 51% of this total amount, \$11,362,761, constitutes unassigned fund balance, which is available for spending at the District's discretion. The District reports nonspendable fund balances to indicate those amounts not available for new spending because the underlying assets are included in inventory, prepaid items, or endowments, restricted fund balances to indicate those amounts that are for a specific purpose, and reports committed fund balances to indicate amounts that are constrained for specific purposes by the formal action of the District's Board of Education.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$11,362,761. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Both unassigned fund balance and total fund balance represent approximately 22% percent of total general fund expenditures and transfers out.

The unassigned fund balance of the District's general fund increased by \$1,660,585 during the current fiscal year and the total fund balance of the District's general fund increased by \$1,514,721. This increase is primarily attributed to increased revenue in per-pupil funding and federal grant revenue in response to the COVID-19 pandemic.

The permanent fund reported nonspendable fund balance of \$4,951,507 during the current fiscal year. This is the Thomas George Trust bequeathed to the District to spend interest earnings on math and science. There was an unrealized gain on the investments this year causing the increase in fund balance.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was actually adopted just before year end. A statement showing the District's original and final budget amounts compared with amounts actually earned and expended is provided in these financial statements.

BEDFORD PUBLIC SCHOOLS

Management's Discussion and Analysis

Differences between the original (\$47,163,344) and final (\$54,298,095) amended revenue budgets were related to several factors. At the time of the original budget adoption, the District was following advice of legislation regarding per pupil foundation allowance. When the State of Michigan approved their budget, the per pupil foundation allowance increased from original projections and the final amended state revenue budget was increased to \$44,428,111 from the original budget amount of \$39,446,112. Actual expenditures of \$51,244,565 were less than the final budget of \$56,398,146 due to capital improvement projects that were budgeted for but did not occur before the end of the fiscal year. The resulting increase in ending fund balance was favorable to the District when compared to the budgeted amount.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2023, amounted to \$49,047,491 (net of accumulated depreciation/amortization). This investment in capital assets includes land improvements, buildings and improvements, machinery and equipment, vehicles, and subscription assets. Depreciation/amortization expense was \$4,512,918 for the year ended June 30, 2023. The major capital asset purchases during the current fiscal year included the following:

- Athletic field and stadium renovations
- Food service equipment
- Fiber optic infrastructure upgrades
- Auditorium renovations
- Buses

Additional information on the District's capital assets can be found in the notes to the financial statements section of this report.

Long-term debt. At the end of the current fiscal year, the District had total installment debt outstanding of \$28,325,000. This amount represents the general obligations of the District that do constitute an indebtedness of the District within any constitutional or statutory limitations.

The District's bonds and related premiums decreased by \$1,285,575 during the current fiscal year, primarily due to debt retirement payments on the 2019 bond issue. Additional information on the District's long-term debt can be found in the notes to the financial statements section of this report.

Factors Bearing on the District's Future

The budget for the year ending June 30, 2024 was adopted in June 2023. At that time there was some lingering uncertainty related to State per pupil foundation allowance as well as district enrollment numbers for the year ending June 30, 2024. Subsequently, the State determined that the minimum per pupil foundation allowance will again increase. The District's hope is that the increase in foundation allowance will help offset the declining enrollment.

BEDFORD PUBLIC SCHOOLS

Management's Discussion and Analysis

The current state government has been supportive of Public Education funding and has resulted in districts receiving annual increases in school funding. However, district's should be careful not to assume this is a permanent trend. If the current government is replaced by a more conservative group, education funding could possibly be cut, as it had been in the past with a conservative government. Therefore, the District must use caution in future planning and continue to meet increased contractual obligations, increasing health care costs, and increasing State mandated retirement rates through continued budget management.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Bedford Public Schools Business Office, 1135 Smith Road, Temperance, MI 48182.

BASIC FINANCIAL STATEMENTS

BEDFORD PUBLIC SCHOOLS

Statement of Net Position

June 30, 2023

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 14,757,603
Investments	4,749,806
Receivables	9,868,309
Other assets	51,330
Capital assets being depreciated/amortized, net	<u>49,047,491</u>
Total assets	<u>78,474,539</u>
Deferred outflows of resources	
Deferred pension amounts	27,824,760
Deferred other postemployment benefit amounts	<u>6,906,556</u>
Total deferred outflows of resources	<u>34,731,316</u>
Liabilities	
Accounts payable and accrued liabilities	6,460,842
Unearned revenue	612,479
Bonds other long-term liabilities	
Due within one year	1,590,845
Due in more than one year	31,199,341
Net pension liability (due in more than one year)	92,985,806
Net other postemployment benefit liability (due in more than one year)	<u>5,208,661</u>
Total liabilities	<u>138,057,974</u>
Deferred inflows of resources	
Deferred pension amounts	1,547,132
Deferred other postemployment benefit amounts	<u>11,342,781</u>
Total deferred inflows of resources	<u>12,889,913</u>
Net position	
Net investment in capital assets	16,967,867
Restricted for:	
Food service	999,062
Technology millage	201,648
Debt service	909,017
Thomas George Trust (nonexpendable)	4,951,507
Unrestricted (deficit)	<u>(61,771,133)</u>
Total net position	<u>\$ (37,742,032)</u>

The accompanying notes are an integral part of these financial statements.

BEDFORD PUBLIC SCHOOLS

Statement of Activities

For the Year Ended June 30, 2023

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction	\$ 26,139,193	\$ 1,386,614	\$ 15,108,781	\$ (9,643,798)
Support services	18,647,059	-	512,156	(18,134,903)
Community services	1,040,609	1,607,512	-	566,903
Athletics	1,090,818	251,664	-	(839,154)
Food service	1,432,625	673,808	1,008,966	250,149
Unallocated depreciation/amortization	4,512,918	-	-	(4,512,918)
Interest on long-term debt	1,172,751	-	-	(1,172,751)
Total governmental activities	<u>\$ 54,035,973</u>	<u>\$ 3,919,598</u>	<u>\$ 16,629,903</u>	<u>(33,486,472)</u>
General revenues				
Property taxes				7,143,039
State school aid				31,800,540
Grants and contributions not restricted to specific programs				2,504,670
Gain on sale of capital assets				24,757
Unrestricted investment earnings				88,187
Total general revenues				<u>41,561,193</u>
Change in net position				8,074,721
Net position, beginning of year				<u>(45,816,753)</u>
Net position, end of year				<u>\$ (37,742,032)</u>

The accompanying notes are an integral part of these financial statements.

BEDFORD PUBLIC SCHOOLS

Balance Sheet

Governmental Funds
June 30, 2023

	General	Thomas George Trust	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 8,736,604	\$ 51,102	\$ 5,969,897	\$ 14,757,603
Investments	-	4,662,381	87,425	4,749,806
Accounts receivable	123,377	238,024	229,425	590,826
Due from other governments	9,264,494	-	12,989	9,277,483
Inventories	9,485	-	20,214	29,699
Prepaid items	12,442	-	9,189	21,631
Total assets	\$ 18,146,402	\$ 4,951,507	\$ 6,329,139	\$ 29,427,048
Liabilities				
Accounts payable	\$ 1,811,345	\$ -	\$ 71,582	\$ 1,882,927
Salaries payable	4,436,832	-	25,762	4,462,594
Unearned revenue	513,537	-	98,942	612,479
Total liabilities	6,761,714	-	196,286	6,958,000
Fund balances				
Nonspendable:				
Inventories and prepaid items	21,927	-	29,403	51,330
Thomas George Trust	-	4,951,507	-	4,951,507
Restricted for:				
Food service	-	-	972,858	972,858
Technology millage	-	-	199,759	199,759
Debt service	-	-	1,024,338	1,024,338
Capital projects	-	-	87,425	87,425
Committed for:				
Student/school activity	-	-	735,036	735,036
Health van	-	-	204,936	204,936
Recreation	-	-	133,228	133,228
Latchkey	-	-	934,990	934,990
Capital projects	-	-	1,810,880	1,810,880
Unassigned	11,362,761	-	-	11,362,761
Total fund balances	11,384,688	4,951,507	6,132,853	22,469,048
Total liabilities and fund balances	\$ 18,146,402	\$ 4,951,507	\$ 6,329,139	\$ 29,427,048

The accompanying notes are an integral part of these financial statements.

BEDFORD PUBLIC SCHOOLS

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2023

Fund balances - total governmental funds	\$ 22,469,048
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets	86,823,957
Accumulated depreciation/amortization	(37,776,466)
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds and other long-term liabilities	(28,408,419)
Unamortized bond premium	(3,758,630)
Accrued interest payable	(115,321)
Compensated absences	(623,137)
Certain pension and other postemployment benefit-related amounts, such as the net pension liability, net other postemployment benefit liability and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.	
Net pension liability	(92,985,806)
Deferred outflows of resources related to the net pension liability	27,824,760
Deferred inflows of resources related to the net pension liability	(1,547,132)
Net other postemployment benefit liability	(5,208,661)
Deferred outflows of resources related to the net other postemployment benefit liability	6,906,556
Deferred inflows of resources related to the net other postemployment benefit liability	<u>(11,342,781)</u>
Net position of governmental activities	<u><u>\$ (37,742,032)</u></u>

The accompanying notes are an integral part of these financial statements.

BEDFORD PUBLIC SCHOOLS

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2023

	General	Thomas George Trust	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources:				
Property taxes	\$ 4,574,950	\$ -	\$ 2,568,089	\$ 7,143,039
Other local sources	2,140,027	390,246	4,419,225	6,949,498
State sources	44,842,443	-	308,815	45,151,258
Federal sources	1,927,712	-	914,430	2,842,142
Total revenues	53,485,132	390,246	8,210,559	62,085,937
Expenditures				
Current:				
Instruction	29,194,439	-	-	29,194,439
Support services	18,397,229	178,508	1,850,988	20,426,725
Community services	4,968	-	1,071,248	1,076,216
Athletics	1,211,574	-	-	1,211,574
Food service	-	-	1,472,305	1,472,305
Debt service:				
Principal	238,920	-	1,035,000	1,273,920
Interest and fiscal charges	26	-	1,426,750	1,426,776
Capital outlay	2,197,409	45,509	2,443,417	4,686,335
Total expenditures	51,244,565	224,017	9,299,708	60,768,290
Revenues over (under) expenditures	2,240,567	166,229	(1,089,149)	1,317,647
Other financing sources (uses)				
Proceeds from sale of capital assets	24,757	-	-	24,757
Issuance of other long-term liabilities	222,566	-	-	222,566
Transfers in	77,070	-	1,064,461	1,141,531
Transfers out	(1,050,239)	-	(91,292)	(1,141,531)
Total other financing sources (uses)	(725,846)	-	973,169	247,323
Net change in fund balances	1,514,721	166,229	(115,980)	1,564,970
Fund balances, beginning of year	9,869,967	4,785,278	6,248,833	20,904,078
Fund balances, end of year	\$ 11,384,688	\$ 4,951,507	\$ 6,132,853	\$ 22,469,048

The accompanying notes are an integral part of these financial statements.

BEDFORD PUBLIC SCHOOLS

Reconciliation

Net Change in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2023

Net change in fund balances - total governmental funds \$ 1,564,970

Amounts reported for *governmental activities* in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities, the cost of those assets is allocated over their
estimated useful lives and reported as depreciation/amortization expense.

Capital assets purchased/constructed	4,719,606
Depreciation/amortization expense	(4,512,918)
Proceeds from sale of capital assets	(24,757)
Gain on sale of capital assets	24,757

Bond proceeds provide current financial resources to governmental funds in the
period issued, but issuing bonds increases long-term liabilities in the statement
of net position. Repayment of bond principal is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the statement
of net position.

Issuance of other long-term liabilities	(222,566)
Amortization of bond premium	250,575
Principal payments on bonds and other long-term liabilities	1,273,920

Some expenses reported in the statement of activities do not require the use of
current financial resources and therefore are not reported as expenditures in the funds.

Change in net pension liability and related deferred amounts	745,576
Change in net other postemployment benefit liability and related deferred amounts	4,192,637
Change in accrued interest payable on bonds	3,450
Change in the accrual for compensated absences	59,471

Change in net position of governmental activities \$ 8,074,721

The accompanying notes are an integral part of these financial statements.

BEDFORD PUBLIC SCHOOLS

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local sources:				
Property taxes	\$ 3,920,000	\$ 4,425,596	\$ 4,574,950	\$ 149,354
Other local sources	1,848,528	2,115,654	2,140,027	24,373
State sources	39,446,112	44,428,111	44,842,443	414,332
Federal sources	1,948,704	3,328,734	1,927,712	(1,401,022)
Total revenues	47,163,344	54,298,095	53,485,132	(812,963)
Expenditures				
Current:				
Instruction:				
Basic programs	25,564,005	26,864,349	23,515,478	(3,348,871)
Added needs	5,108,132	6,291,516	5,567,615	(723,901)
Adult and continuing education	126,062	99,176	101,121	1,945
Other	5,000	15,000	10,225	(4,775)
Total instruction	30,803,199	33,270,041	29,194,439	(4,075,602)
Support services:				
Pupil	1,339,263	2,370,368	2,465,135	94,767
Instructional services	1,482,753	2,354,131	2,462,615	108,484
General administration	1,040,853	1,230,827	1,057,828	(172,999)
School administration	3,816,180	4,054,788	3,964,689	(90,099)
Business	648,983	1,244,147	700,074	(544,073)
Maintenance	3,266,264	4,107,832	3,992,633	(115,199)
Transportation	2,880,122	3,360,161	3,028,604	(331,557)
Other support services	859,944	908,734	725,651	(183,083)
Total support services	15,334,362	19,630,988	18,397,229	(1,233,759)
Community services	5,000	19,618	4,968	(14,650)
Athletics	1,020,897	1,349,857	1,211,574	(138,283)
Debt service -				
Principal	-	-	238,920	238,920
Interest and fiscal charges	-	-	26	26
Total debt service	-	-	238,946	238,946
Capital outlay	389,522	2,127,642	2,197,409	69,767
Total expenditures	47,552,980	56,398,146	51,244,565	(5,153,581)
Revenues over (under) expenditures	(389,636)	(2,100,051)	2,240,567	4,340,618

continued...

BEDFORD PUBLIC SCHOOLS

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Other financing sources (uses)				
Proceeds from sale of capital assets	\$ 300	\$ 24,700	\$ 24,757	\$ 57
Issuance of other long-term liabilities	-	-	222,566	222,566
Transfers in	61,144	69,114	77,070	7,956
Transfers out	(481,300)	(1,050,877)	(1,050,239)	(638)
Total other financing sources (uses)	<u>(419,856)</u>	<u>(957,063)</u>	<u>(725,846)</u>	<u>231,217</u>
Net change in fund balance	(809,492)	(3,057,114)	1,514,721	4,571,835
Fund balance, beginning of year	<u>9,869,967</u>	<u>9,869,967</u>	<u>9,869,967</u>	<u>-</u>
Fund balance, end of year	<u>\$ 9,060,475</u>	<u>\$ 6,812,853</u>	<u>\$ 11,384,688</u>	<u>\$ 4,571,835</u>

concluded.

The accompanying notes are an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

BEDFORD PUBLIC SCHOOLS

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Bedford Public Schools (the "District") has followed the guidelines of the Governmental Accounting Standards Board and has determined that no entities should be included in its basic financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District had no business-type activities during the year.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for reimbursement-based grants that use one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

BEDFORD PUBLIC SCHOOLS

Notes to the Financial Statements

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for and reported in another fund.

The *Thomas George Trust permanent fund* accounts for monies provided by a private bequest to fund high school math and science programs of the District. The principal amount of the bequest is to remain intact and invested. Investment earnings are used for the above stated purposes.

Additionally, the District reports the following fund types:

The *special revenue funds* are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

The *debt service fund* is used to account for financial resources restricted to expenditure for principal and interest.

The *capital projects funds* are used to account for all financial resources restricted or committed to expenditure for the acquisition or construction of capital assets.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

The effect of interfund activity has been eliminated from the government-wide financial statements.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The District's investments are reported at fair value, except for its investment in the Michigan Liquid Asset Fund (MILAF), which is recorded at amortized cost.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

Accounts payable and other payables reflected in the financial statements are based on when the liability is incurred.

BEDFORD PUBLIC SCHOOLS

Notes to the Financial Statements

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

	Years
Land improvements	10-20
Buildings and improvements	5-50
Machinery and equipment	5-20
Vehicles	5-8

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources related to the pension and other postemployment benefit liabilities. A portion of these costs represent contributions to the plan subsequent to the plan measurement date.

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay benefits. These are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

BEDFORD PUBLIC SCHOOLS

Notes to the Financial Statements

Depending on their respective contracts, some employees accrue sick leave each year, which accumulates if not used. Certain contracts allow for sick time to be paid upon termination if they have 10 or more years of service with the District, while other contracts allow for sick time to be paid upon death with no minimum years of service. The maximum payout upon termination varies, depending on the employee's contract.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District's deferred inflows of resources are related to pension and other postemployment benefit liabilities.

Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities statement of net position. Where applicable, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received in debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Subscription-Based Information Technology Arrangements (SBITA)

The District has noncancellable subscription-based information technology arrangements. The District recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide financial statements. The District recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a subscription, the District initially measures the subscription liability at the present value of payments expected to be made during the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to subscriptions include how the District determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) subscription term, and (3) subscription payments. The District uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITAs. The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price (if applicable) that the District is reasonably certain to exercise.

BEDFORD PUBLIC SCHOOLS

Notes to the Financial Statements

The District monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and subscription liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Fund Equity

Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of the resources by grantors, contributors, or laws or regulations of other governments. *Committed fund balance*, if any, is reported for amounts that can be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, the Board of Education. A formal resolution of the Board of Education is required to establish, modify or rescind a fund balance commitment. The District reports *assigned fund balance* for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education has delegated the authority to assign fund balance to the Superintendent or his/her designee. *Unassigned fund balance* is the residual classification for the general fund.

When the District incurs an expenditure for purposes for which various fund balance classifications can be used, it is the District's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension liability and net other postemployment benefits liability, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefit expense, information about the fiduciary net position of the plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. BUDGETARY INFORMATION

The general and special revenue funds are under formal budgetary control. Budgets shown in the financial statements are adopted annually on a basis consistent with GAAP, are not significantly different from the modified accrual basis used to reflect actual results, and consist only of those amounts contained in the formal budget as originally adopted or as amended by the Board of Education. The budgets for the general and special revenue funds are adopted on a functional basis.

BEDFORD PUBLIC SCHOOLS

Notes to the Financial Statements

3. EXCESS OF EXPENDITURES OVER BUDGET

P.A. 621 of 1978, as amended, provides that a government shall not incur expenditures in excess of the amount appropriated. The approved budgets of the District were adopted on a detailed functional level basis.

During the year ended June 30, 2023, the District incurred expenditures in excess of the amounts appropriated at the legal level of budgetary control as follows:

	Final Budget	Actual	Over Budget
General fund			
Instruction -			
Adult and continuing education	\$ 99,176	\$ 101,121	\$ 1,945
Support services:			
Pupil	2,370,368	2,465,135	94,767
Instructional services	2,354,131	2,462,615	108,484
Debt service:			
Principal	-	238,920	238,920
Interest and fiscal charges	-	26	26
Capital outlay	2,127,642	2,197,409	69,767
Food service fund			
Transfers out	25,000	31,746	6,746
Student/school activity fund			
Support services	760,000	840,053	80,053
Latchkey Fund			
Community services	364,638	498,499	133,861
Transfers out	22,972	31,007	8,035

4. DEPOSITS AND INVESTMENTS

A reconciliation of cash and investments as shown on the Statement of Net Position follows:

Statement of Net Position	
Cash and cash equivalents	\$ 14,757,603
Investments	<u>4,749,806</u>
Total	<u><u>\$ 19,507,409</u></u>
Deposits and investments:	
Bank deposits (checking/savings accounts)	\$ 14,754,831
Certificates of deposit (due within one year)	2,272
Investments	4,749,806
Cash on hand	<u>500</u>
Total	<u><u>\$ 19,507,409</u></u>

BEDFORD PUBLIC SCHOOLS

Notes to the Financial Statements

Statutory Authority

State statutes authorize the District to deposit and invest in:

- a. Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State. In a primary or fourth class school district, the bonds, bills, or notes shall be payable at the option of the holder upon not more than 90 days notice or, if not so payable, shall have maturity dates not more than five years after the purchase dates.
- b. Certificates of deposit insured by a State or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.
- c. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- d. Securities issued or guaranteed by agencies or instrumentalities of the United States government or federal agency obligation repurchase agreements, and bankers' acceptance issued by a bank that is a member of the federal deposit insurance corporation.
- e. Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.
- f. Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

The District's investment policy allows for all of these types of investments.

The District's investments listed below, other than the investment in the MILAF, are held in trust by a third party. The investment decisions are outside of the control of the District, and therefore, are not subject to the criteria listed above.

As of year end, the District had the following investments:

Investment	Maturity	Fair Value / Amortized Cost	Rating
Michigan Liquid Asset Fund (MILAF)	n/a	\$ 87,425	S&P AAAM
Equity mutual funds	n/a	3,028,630	Not rated
Fixed income mutual funds	n/a	1,408,630	Not rated
Money market cash management funds	n/a	225,121	Not rated
		<u>\$ 4,749,806</u>	

BEDFORD PUBLIC SCHOOLS

Notes to the Financial Statements

Investment and Deposit Risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturities for each investment are identified above for investments held at year end.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on investment credit risk. The ratings for each investment are identified above for investments held at year end.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. State law does not require and the District does not have a policy for deposit custodial credit risk. As of year end, \$14,846,704, of the District's bank balance of \$15,565,121 (book balance was \$14,757,103) was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the District does not have a policy for investment custodial credit risk. The investments of the District in mutual funds and money market funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on concentration of credit risk.

Fair Value Measurement. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's recurring fair value measurements as of June 30, 2023 are related to its investments in mutual funds and money market cash management funds. The money market cash management funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The investments in mutual funds are valued using significant other observable inputs (Level 2 inputs).

BEDFORD PUBLIC SCHOOLS

Notes to the Financial Statements

5. RECEIVABLES

Receivables as of year end for the District’s major funds and nonmajor funds in the aggregate, are as follows:

	General	Thomas George Trust	Nonmajor Governmental Funds	Total
Accounts receivable	\$ 123,377	\$ 238,024	\$ 229,425	\$ 590,826
Due from other governments	9,264,494	-	12,989	9,277,483
	<u>\$ 9,387,871</u>	<u>\$ 238,024</u>	<u>\$ 242,414</u>	<u>\$ 9,868,309</u>

6. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023 was as follows:

	Beginning Balance*	Additions	Disposals/ Adjustments	Ending Balance
Governmental activities				
Capital assets being depreciated/amortized:				
Land improvements	\$ 2,370,485	\$ 1,744,386	\$ 12,157	\$ 4,127,028
Buildings and improvements	73,728,484	522,188	-	74,250,672
Machinery and equipment	2,265,975	1,863,794	(78,680)	4,051,089
Vehicles	3,965,325	252,100	(259,168)	3,958,257
Subscription assets (Note 10)	99,773	337,138	-	436,911
Total capital assets being depreciated/amortized	<u>82,430,042</u>	<u>4,719,606</u>	<u>(325,691)</u>	<u>86,823,957</u>
Less accumulated depreciation/amortization for:				
Land improvements	(1,312,164)	(194,142)	-	(1,506,306)
Buildings and improvements	(27,608,818)	(3,546,348)	-	(31,155,166)
Machinery and equipment	(1,335,430)	(403,435)	78,680	(1,660,185)
Vehicles	(3,332,827)	(291,792)	247,011	(3,377,608)
Subscription assets (Note 10)	-	(77,201)	-	(77,201)
Total accumulated depreciation/amortization	<u>(33,589,239)</u>	<u>(4,512,918)</u>	<u>325,691</u>	<u>(37,776,466)</u>
Capital assets, net	<u>\$ 48,840,803</u>	<u>\$ 206,688</u>	<u>\$ -</u>	<u>\$ 49,047,491</u>

Depreciation/amortization expense of \$4,512,918 was reported as “unallocated depreciation/amortization” and was not allocated to specific functions.

* The District implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, in the current year. In accordance with this Statement, subscription assets have been added to the beginning balances shown above and a corresponding subscription liability has been recorded for the same amount.

BEDFORD PUBLIC SCHOOLS

Notes to the Financial Statements

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of year end for the District's individual major funds and nonmajor funds in the aggregate, are as follows:

	General	Nonmajor Governmental Funds	Total
Accounts payable	\$ 1,811,345	\$ 71,582	\$ 1,882,927
Salaries payable	4,436,832	25,762	4,462,594
	<u>\$ 6,248,177</u>	<u>\$ 97,344</u>	6,345,521
Government-wide financial statements -			
Accrued interest on bonds			<u>115,321</u>
			<u>\$ 6,460,842</u>

8. INTERFUND TRANSFERS

For the year ending June 30, 2023, interfund transfers consisted of the following:

	Transfers out	Transfers in
General	\$ 1,050,239	\$ 77,070
Nonmajor governmental funds	91,292	1,064,461
	<u>\$ 1,141,531</u>	<u>\$ 1,141,531</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; and (4) move funds from ancillary programs into general or other parent funds to offset the overhead, or indirect costs, of operation. For the year ended June 30, 2023, the District transferred \$31,746 from the food service fund, \$15,315 from recreation, \$21,037 from latchkey, and \$8,972 from health van to the general fund for indirect costs. \$848,887, \$200,000, and \$1,352 were transferred from general fund to the capital projects maintenance, technology, and food service funds, respectively. Lastly, \$9,970 from latchkey and \$4,252 from health van were transferred to the recreation fund for administrative costs.

BEDFORD PUBLIC SCHOOLS

Notes to the Financial Statements

9. BONDS AND OTHER LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions of the District for the year ended June 30, 2023:

	Beginning Balance*	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 29,360,000	\$ -	\$ (1,035,000)	\$ 28,325,000	\$ 1,125,000
Unamortized premiums	4,009,205	-	(250,575)	3,758,630	250,575
Compensated absences	682,608	170,652	(230,123)	623,137	155,800
Subscription liabilities (Note 10)	99,773	222,566	(238,920)	83,419	59,470
Total long-term debt	\$ 34,151,586	\$ 393,218	\$ (1,754,618)	\$ 32,790,186	\$ 1,590,845

* The District implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, in the current year. In accordance with this Statement, subscription liabilities have been added to the beginning balances shown above and a corresponding subscription asset has been recorded for the same amount.

The Districts debt consists of the following items:

\$31,690,000 2019 School Building and Site Bonds due in annual installments ranging from \$580,000 to \$2,535,000 through 2038; interest payable at 4.00% to 5.00%.

\$ 28,325,000

Annual debt service requirements to maturity on general obligation bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 1,125,000	\$ 1,361,350	\$ 2,486,350
2025	1,245,000	1,307,725	2,552,725
2026	1,375,000	1,242,225	2,617,225
2027	1,510,000	1,170,100	2,680,100
2028	1,655,000	1,090,975	2,745,975
2029-2033	10,810,000	3,987,500	14,797,500
2034-2038	10,605,000	1,464,525	12,069,525
	<u>\$ 28,325,000</u>	<u>\$ 11,624,400</u>	<u>\$ 39,949,400</u>

BEDFORD PUBLIC SCHOOLS

Notes to the Financial Statements

10. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District is involved in nine arrangements that qualify as long-term subscription-based information technology arrangements ("SBITA"). Below is a summary of the nature of these arrangements. These arrangements qualify as intangible, right-to-use subscription assets as the District has the control of the right to use another party's IT software and the noncancelable term of the arrangement surpasses one year. The present values are discounted using an interest rate of 3.0 percent based on the District's incremental borrowing rate.

Asset Type	Remaining Term of Arrangements
Subscription assets	1-2 years

The assets acquired through subscription-based information technology arrangements in governmental activities are summarized as follows:

Subscription assets	\$ 436,911
Less accumulated amortization	<u>(77,201)</u>
Net book value	<u><u>\$ 359,710</u></u>

The net present value of future minimum payments as of June 30, 2023, were as follows:

Year Ended June 30,	Principal	Interest
2024	\$ 59,470	\$ 2,503
2025	<u>23,949</u>	<u>718</u>
Total	<u><u>\$ 83,419</u></u>	<u><u>\$ 3,221</u></u>

11. RISK MANAGEMENT

The District is exposed to various risks of loss related to property loss, torts, errors, and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The District has purchased commercial insurance for general liability, employee injuries/workers' compensation, property and casualty, and health claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage during the last fiscal year.

12. CONTINGENCIES

Under the terms of various Federal and State grants and regulatory requirements, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement of the grantor or regulatory agencies. However, management does not believe such disallowances, if any, would be material to the financial position of the District.

BEDFORD PUBLIC SCHOOLS

Notes to the Financial Statements

13. PROPERTY TAXES

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied as of July 1 and December 1, and are due upon receipt of the billing by the taxpayer. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. District property tax revenues are recognized when levied to the extent that they result in current receivables (collected within 60 days after year end). Amounts received subsequent to August 29 are recognized as revenue when collected.

14. PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS

Plan Description

The Michigan Public School Employees' Retirement System (the "System" or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (the "State") originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available at the ORS website at www.michigan.gov/orsschools.

Pension Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25% to 1.50%. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB member plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

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Participants in the defined contribution plan consist of one of the following: (1) members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan; (2) members who elected to transfer from the defined benefit plan to the defined contribution plan under the reform (P.A. 300) of 2012; or (3) members who worked for a Michigan public school on or after February 1, 2018 and did not elect participation in the Pension Plus 2 plan. Members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan receive a 100% match of the member contribution rate up to a maximum of 3% based on the member's gross earnings. Additionally, there is a mandatory employer contribution of 4% of the member's gross earnings for MPSERS members who elected to convert from a Basic or MIP benefit plan to the defined contribution benefit plan. Members electing the Pension Plus or Pension Plus 2 benefit plan receive a 50% match of the member's contribution percent up to a maximum of 1% based on the member's gross earnings. Effective October 1, 2017, there is a mandatory employer contribution of 4% of the member's gross earnings for members who elect the Defined Contribution benefit plan. The employer must match 100% of the employee contribution for any member who elected the Personal Healthcare Fund up to a maximum of 2% of the member's gross earnings. For all members with a Personal Health Care Fund (PHF), the first 2% of DC contributions must go into the PHF and must be matched 100% by the employer.

Other Postemployment Benefits Provided

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

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

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Notes to the Financial Statements

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

Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2021 valuation will be amortized over an 17-year period beginning October 1, 2021 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2023:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	20.14% - 20.16%
Member Investment Plan (MIP)	3.00% - 7.00%	20.14% - 20.16%
Pension Plus	3.00% - 6.40%	17.22% - 17.24%
Pension Plus 2	6.20%	19.93% - 19.95%
Defined Contribution	0.00%	13.73% - 13.75%

For the year ended June 30, 2023, required and actual contributions from the District to the pension plan were \$8,853,917, which included \$4,235,880, the amount received from the State and remitted to the System to fund the MPSERS unfunded actuarial accrued liability ("UAAL") stabilization rate. In addition, the District had additional contributions of \$2,466,925, which was a one-time, state payment toward the MPSERS unfunded liability.

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Notes to the Financial Statements

The table below summarizes OPEB contribution rates in effect for fiscal year 2023:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	8.07% - 8.09%
Personal Healthcare Fund (PHF)	0.00%	7.21% - 7.23%

For the year ended June 30, 2023, required and actual contributions from the District to the OPEB plan were \$1,904,424.

The table below summarizes defined contribution rates in effect for fiscal year 2023:

Benefit Structure	Member Rates	Employer Rates
Defined Contribution	0.00% - 3.00%	0.00% - 7.00%
Personal Healthcare Fund (PHF)	0.00% - 2.00%	0.00% - 2.00%

For the year ended June 30, 2023, required and actual contributions from the District for those members with a defined contribution benefit were \$488,132.

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

At June 30, 2023, the District reported a liability of \$92,985,806 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2021. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2022, the District's proportion was 0.24725%, which was a decrease of 0.00052% from its proportion measured as of September 30, 2021.

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Notes to the Financial Statements

For the year ended June 30, 2023, the District recognized pension expense of \$10,388,912. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 930,183	\$ 207,906	\$ 722,277
Changes in assumptions	15,978,293	-	15,978,293
Net difference between projected and actual earnings on pension plan investments	218,052	-	218,052
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,339,226	(1,339,226)
	<u>17,126,528</u>	<u>1,547,132</u>	<u>15,579,396</u>
District contributions subsequent to the measurement date	10,698,232	-	10,698,232
Total	<u><u>\$ 27,824,760</u></u>	<u><u>\$ 1,547,132</u></u>	<u><u>\$ 26,277,628</u></u>

The amount reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2024	\$ 4,286,735
2025	3,137,767
2026	2,844,662
2027	<u>5,310,232</u>
Total	<u><u>\$ 15,579,396</u></u>

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Notes to the Financial Statements

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the District reported a liability of \$5,208,661 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2021. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2022, the District's proportion was 0.24592% which was an increase of 0.00128% from its proportion measured as of September 30, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of \$(2,364,207). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 10,201,772	\$ (10,201,772)
Changes in assumptions	4,642,647	378,031	4,264,616
Net difference between projected and actual earnings on OPEB plan investments	407,098	-	407,098
Changes in proportion and differences between employer contributions and proportionate share of contributions	212,250	762,978	(550,728)
	<u>5,261,995</u>	<u>11,342,781</u>	<u>(6,080,786)</u>
District contributions subsequent to the measurement date	1,644,561	-	1,644,561
	<u>1,644,561</u>	<u>-</u>	<u>1,644,561</u>
Total	<u>\$ 6,906,556</u>	<u>\$ 11,342,781</u>	<u>\$ (4,436,225)</u>

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Notes to the Financial Statements

The amount reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2024	\$ (2,190,920)
2025	(1,839,229)
2026	(1,725,438)
2027	(218,682)
2028	(107,397)
Thereafter	<u>880</u>
Total	<u>\$ (6,080,786)</u>

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The total pension and OPEB liabilities in the September 30, 2021 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.00%
Pension Plus plan (hybrid)	6.00%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.00%
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	Pre-65: 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 Post-65: 5.25% Year 1 graded to 3.5% Year 15; 3.0% Year 120
Mortality	RP-2014 Male and Female Employee Annuitant Mortality Tables, adjusted for mortality improvements using projection scale MP-2017 from 2006. For retirees, the tables were scaled by 82% for males and 78% for females. For active members, 100% of the table rates were used for both males and females.

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Notes to the Financial Statements

Other OPEB assumptions:

Opt-out assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt-out of the retiree health plan.
Survivor coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage election at retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2018 valuation. The total pension and OPEB liabilities as of September 30, 2022, are based on the results of an actuarial valuation date of September 30, 2021, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.3922 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.2250 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Changes in assumptions. The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00% for the MIP and Basic plans, 6.00% for the Pension Plus Plan, and 6.00% for OPEB.

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Notes to the Financial Statements

Long-term Expected Return on Pension Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	4.77%	1.19%
Private equity pools	16.00%	8.13%	1.30%
International equity pools	15.00%	6.26%	0.94%
Fixed income pools	13.00%	-0.19%	-0.02%
Real estate and infrastructure pools	10.00%	4.95%	0.50%
Absolute return pools	9.00%	2.52%	0.23%
Real return/opportunistic pools	10.00%	5.42%	0.54%
Short-term investment pools	2.00%	-0.47%	-0.01%
	<u>100.00%</u>		4.67%
Inflation			2.20%
Risk adjustment			<u>-0.87%</u>
Investment rate of return			<u><u>6.00%</u></u>

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Notes to the Financial Statements

Long-term Expected Return on OPEB Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	4.77%	1.19%
Private equity pools	16.00%	8.13%	1.30%
International equity pools	15.00%	6.26%	0.94%
Fixed income pools	13.00%	-0.19%	-0.02%
Real estate and infrastructure pools	10.00%	4.95%	0.50%
Absolute return pools	9.00%	2.52%	0.23%
Real return/opportunistic pools	10.00%	5.42%	0.54%
Short-term investment pools	2.00%	-0.47%	-0.01%
	<u>100.00%</u>		4.67%
Inflation			2.20%
Risk adjustment			<u>-0.87%</u>
Investment rate of return			<u><u>6.00%</u></u>

Rate of Return

For the fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was -4.18% and -4.99%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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Notes to the Financial Statements

Discount Rate

A discount rate of 6.00% was used to measure the total pension and OPEB liabilities. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.00%. The projection of cash flows used to determine these discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension and OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net pension liability	\$ 122,706,719	\$ 92,985,806	\$ 68,494,435

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 6.00%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net OPEB liability	\$ 8,737,028	\$ 5,208,661	\$ 2,237,339

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the assumed trend rates, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 2,181,138	\$ 5,208,661	\$ 8,607,116

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Notes to the Financial Statements

Pension and OPEB Plans Fiduciary Net Position

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued MPSERS financial statements available on the State of Michigan Office of Retirement Services website at www.michigan.gov/orsschools.

Payable to the Pension Plan

At June 30, 2023, the District reported a payable of \$1,681,694 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2023.

Payable to the OPEB Plan

At June 30, 2023, the District reported a payable of \$185,199 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2023.

15. NET INVESTMENT IN CAPITAL ASSETS

As of June 30, 2023, net investment in capital assets was comprised of the following:

Capital assets being depreciated/amortized, net	\$ 49,047,491
General obligation bonds	(28,325,000)
Premium on bonds payable	(3,758,630)
Subscription liabilities	(83,419)
Unexpended bond proceeds	<u>87,425</u>
Net investment in capital assets	<u>\$ 16,967,867</u>

16. BONDED CONSTRUCTION COSTS

The 2019 bond capital projects fund includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of §1351a of the Michigan Revised School Code, and the applicable sections of the revised Bulletin for School District Audits of Bonded Construction Funds and Sinking Funds in Michigan.

17. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the District to deliver education to students in a safe environment, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. Over the past several years, the District has been awarded funds from various sources to be used to respond to the impacts of the COVID-19 pandemic. Of the amount awarded, approximately \$1.6 million was expended and recognized as revenue during the current fiscal year. With these additional Federal resources, at this time management does not believe that the negative financial impact of the pandemic, if any, would be material to the District.



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REQUIRED SUPPLEMENTARY INFORMATION

BEDFORD PUBLIC SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the District's Proportionate Share of the Net Pension Liability

	Year Ended June 30,		
	2023	2022	2021
District's proportionate share of the net pension liability	\$ 92,985,806	\$ 58,661,363	\$ 86,989,238
District's proportion of the net pension liability	0.24725%	0.24777%	0.25324%
District's covered payroll	\$ 23,969,057	\$ 22,155,741	\$ 22,320,849
District's proportionate share of the net pension liability as a percentage of its covered payroll	387.94%	264.77%	389.72%
Plan fiduciary net position as a percentage of the total pension liability	60.77%	72.60%	59.72%

See notes to required supplementary information.



Year Ended June 30,					
2020	2019	2018	2017	2016	2015
\$ 84,031,859	\$ 77,311,559	\$ 69,131,627	\$ 68,306,880	\$ 66,306,598	\$ 57,250,349
0.25375%	0.25718%	0.26677%	0.27378%	0.27147%	0.25992%
\$ 22,397,196	\$ 21,411,273	\$ 22,037,320	\$ 23,220,386	\$ 22,823,373	\$ 22,289,692
375.19%	361.08%	313.70%	294.17%	290.52%	256.85%
60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

BEDFORD PUBLIC SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan
Schedule of the District's Pension Contributions

	Year Ended June 30,		
	2023	2022	2021
Statutorily required contributions	\$ 8,853,917	\$ 8,218,449	\$ 7,405,248
Contributions in relation to the statutorily required contributions	<u>(8,853,917)</u>	<u>(8,218,449)</u>	<u>(7,405,248)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 23,517,310	\$ 22,977,502	\$ 22,051,194
Contributions as a percentage of covered payroll	37.65%	35.77%	33.58%

See notes to required supplementary information.



Year Ended June 30,					
2020	2019	2018	2017	2016	2015
\$ 6,981,461	\$ 6,744,987	\$ 7,181,504	\$ 6,231,118	\$ 6,101,948	\$ 6,369,011
(6,981,461)	(6,744,987)	(7,181,504)	(6,231,118)	(6,101,948)	(6,369,011)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 22,632,508	\$ 22,471,175	\$ 22,188,828	\$ 22,133,786	\$ 22,607,610	\$ 22,828,272
30.85%	30.02%	32.37%	28.15%	26.99%	27.90%

BEDFORD PUBLIC SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit Liability

	Year Ended June 30,		
	2023	2022	2021
District's proportionate share of the net OPEB liability	\$ 5,208,661	\$ 3,734,194	\$ 13,475,352
District's proportion of the net OPEB liability	0.24592%	0.24464%	0.25153%
District's covered payroll	\$ 23,969,057	\$ 22,155,741	\$ 22,320,849
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	21.73%	16.85%	60.37%
Plan fiduciary net position as a percentage of the total OPEB liability	83.09%	87.33%	59.44%

See notes to required supplementary information.



Year Ended June 30,		
2020	2019	2018

\$ 18,382,455	\$ 19,983,159	\$ 23,680,266
0.25610%	0.25139%	0.26741%
\$ 22,397,196	\$ 21,411,273	\$ 22,037,320
82.07%	93.33%	107.46%
48.46%	42.95%	36.39%

BEDFORD PUBLIC SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the District's Other Postemployment Benefit Contributions

	Year Ended June 30,		
	2023	2022	2021
Statutorily required contributions	\$ 1,904,424	\$ 1,799,989	\$ 1,798,703
Contributions in relation to the statutorily required contributions	<u>(1,904,424)</u>	<u>(1,799,989)</u>	<u>(1,798,703)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 23,517,310	\$ 22,977,502	\$ 22,051,194
Contributions as a percentage of covered payroll	8.10%	7.83%	8.16%

See notes to required supplementary information.



Year Ended June 30,		
2020	2019	2018
\$ 1,795,863	\$ 1,728,859	\$ 1,629,361
<u>(1,795,863)</u>	<u>(1,728,859)</u>	<u>(1,629,361)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 22,632,508	\$ 22,471,175	\$ 22,188,828
7.93%	7.69%	7.34%

BEDFORD PUBLIC SCHOOLS

Notes to Required Supplementary Information

Pension Information

GASB 68 was implemented in fiscal year 2015. The pension plan schedules are being built prospectively. Ultimately, 10 years of data will be presented.

The amounts presented in the schedule of the District's Proportionate Share of the Net Pension Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00% for the MIP and Basic plans, and 6.00% for the Pension Plus Plan.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.80% for the MIP and Basic plans, 6.80% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 Plan.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic plans, 7.00% for the Pension Plus plan, and 6.00% for the Pension Plus 2 plan.
- 2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic plans and 7.00% for the Pension Plus plan.

OPEB Information

GASB 75 was implemented in fiscal year 2018. The OPEB plan schedules are being built prospectively. Ultimately, 10 years of data will be presented.

The amounts presented in the schedule of the District's Proportionate Share of the Net OPEB Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00%.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%. The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased to 7.75%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%. The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased to 7.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

BEDFORD PUBLIC SCHOOLS

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2023

	Special Revenue			
	Food Service	Technology Enhancement	Student/School Activity	Health Van
Assets				
Cash and cash equivalents	\$ 1,007,272	\$ 64,480	\$ 757,476	\$ 154,011
Investments	-	-	-	-
Accounts receivable	50	139,166	-	58,435
Due from other governments	12,989	-	-	-
Inventories	20,214	-	-	-
Prepaid items	5,990	1,889	500	-
Total assets	<u>\$ 1,046,515</u>	<u>\$ 205,535</u>	<u>\$ 757,976</u>	<u>\$ 212,446</u>
Liabilities				
Accounts payable	\$ 15,434	\$ 3,394	\$ 16,420	\$ 676
Salaries payable	1,533	-	-	6,834
Unearned revenue	30,486	493	6,020	-
Total liabilities	<u>47,453</u>	<u>3,887</u>	<u>22,440</u>	<u>7,510</u>
Fund balances				
Nonspendable	26,204	1,889	500	-
Restricted	972,858	199,759	-	-
Committed	-	-	735,036	204,936
Total fund balances	<u>999,062</u>	<u>201,648</u>	<u>735,536</u>	<u>204,936</u>
Total liabilities and fund balances	<u>\$ 1,046,515</u>	<u>\$ 205,535</u>	<u>\$ 757,976</u>	<u>\$ 212,446</u>



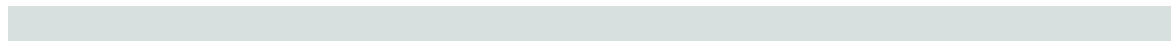
Special Revenue		Debt Service	Capital Projects		Total
Recreation	Latchkey	2019	2019 Bond	Capital Maintenance	
\$ 213,383	\$ 923,245	\$ 1,024,338	\$ -	\$ 1,825,692	\$ 5,969,897
-	-	-	87,425	-	87,425
251	31,523	-	-	-	229,425
-	-	-	-	-	12,989
-	-	-	-	-	20,214
-	810	-	-	-	9,189
<u>\$ 213,634</u>	<u>\$ 955,578</u>	<u>\$ 1,024,338</u>	<u>\$ 87,425</u>	<u>\$ 1,825,692</u>	<u>\$ 6,329,139</u>
\$ 5,842	\$ 15,004	\$ -	\$ -	\$ 14,812	\$ 71,582
12,721	4,674	-	-	-	25,762
61,843	100	-	-	-	98,942
<u>80,406</u>	<u>19,778</u>	<u>-</u>	<u>-</u>	<u>14,812</u>	<u>196,286</u>
-	810	-	-	-	29,403
-	-	1,024,338	87,425	-	2,284,380
<u>133,228</u>	<u>934,990</u>	<u>-</u>	<u>-</u>	<u>1,810,880</u>	<u>3,819,070</u>
<u>133,228</u>	<u>935,800</u>	<u>1,024,338</u>	<u>87,425</u>	<u>1,810,880</u>	<u>6,132,853</u>
<u>\$ 213,634</u>	<u>\$ 955,578</u>	<u>\$ 1,024,338</u>	<u>\$ 87,425</u>	<u>\$ 1,825,692</u>	<u>\$ 6,329,139</u>

BEDFORD PUBLIC SCHOOLS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue			
	Food Service	Technology Enhancement	Student/School Activity	Health Van
Revenues				
Local sources:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other local sources	673,808	1,418,786	902,523	169,613
State sources	94,536	139,166	-	75,113
Federal sources	914,430	-	-	-
Total revenues	<u>1,682,774</u>	<u>1,557,952</u>	<u>902,523</u>	<u>244,726</u>
Expenditures				
Current:				
Support services	-	1,010,935	840,053	-
Community services	-	-	-	209,846
Food service	1,472,305	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	561,349	601,367	-	2,753
Total expenditures	<u>2,033,654</u>	<u>1,612,302</u>	<u>840,053</u>	<u>212,599</u>
Revenues over (under) expenditures	<u>(350,880)</u>	<u>(54,350)</u>	<u>62,470</u>	<u>32,127</u>
Other financing sources (uses)				
Transfers in	1,352	200,000	-	-
Transfers out	(31,746)	-	-	(13,224)
Total other financing sources (uses)	<u>(30,394)</u>	<u>200,000</u>	<u>-</u>	<u>(13,224)</u>
Net change in fund balances	<u>(381,274)</u>	<u>145,650</u>	<u>62,470</u>	<u>18,903</u>
Fund balances, beginning of year	<u>1,380,336</u>	<u>55,998</u>	<u>673,066</u>	<u>186,033</u>
Fund balances, end of year	<u>\$ 999,062</u>	<u>\$ 201,648</u>	<u>\$ 735,536</u>	<u>\$ 204,936</u>



Special Revenue		Debt Service	Capital Projects		Total
Recreation	Latchkey	2019	2019 Bond	Capital Maintenance	
\$ -	\$ -	\$ 2,568,089	\$ -	\$ -	\$ 2,568,089
489,057	739,937	3,694	21,807	-	4,419,225
-	-	-	-	-	308,815
-	-	-	-	-	914,430
<u>489,057</u>	<u>739,937</u>	<u>2,571,783</u>	<u>21,807</u>	<u>-</u>	<u>8,210,559</u>
-	-	-	-	-	1,850,988
362,903	498,499	-	-	-	1,071,248
-	-	-	-	-	1,472,305
-	-	1,035,000	-	-	1,035,000
-	-	1,425,250	1,500	-	1,426,750
-	-	-	372,553	905,395	2,443,417
<u>362,903</u>	<u>498,499</u>	<u>2,460,250</u>	<u>374,053</u>	<u>905,395</u>	<u>9,299,708</u>
<u>126,154</u>	<u>241,438</u>	<u>111,533</u>	<u>(352,246)</u>	<u>(905,395)</u>	<u>(1,089,149)</u>
14,222	-	-	-	848,887	1,064,461
(15,315)	(31,007)	-	-	-	(91,292)
<u>(1,093)</u>	<u>(31,007)</u>	<u>-</u>	<u>-</u>	<u>848,887</u>	<u>973,169</u>
125,061	210,431	111,533	(352,246)	(56,508)	(115,980)
8,167	725,369	912,805	439,671	1,867,388	6,248,833
<u>\$ 133,228</u>	<u>\$ 935,800</u>	<u>\$ 1,024,338</u>	<u>\$ 87,425</u>	<u>\$ 1,810,880</u>	<u>\$ 6,132,853</u>

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BEDFORD PUBLIC SCHOOLS

Schedule of Revenues and Other Financing Sources - By Source

Budget and Actual - General Fund

For the Year Ended June 30, 2023

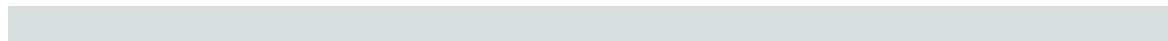
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Local sources				
Property taxes	\$ 3,920,000	\$ 4,425,596	\$ 4,574,950	\$ 149,354
Local contributions	13,000	12,000	12,000	-
Rental income	33,000	31,700	31,640	(60)
Tuition	30,000	-	-	-
Earnings on investments	6,000	89,000	88,187	(813)
Athletics	254,000	251,700	251,664	(36)
County special education tax	1,409,428	1,396,930	1,417,058	20,128
Other local revenue	103,100	334,324	339,478	5,154
Total local sources	<u>5,768,528</u>	<u>6,541,250</u>	<u>6,714,977</u>	<u>173,727</u>
State sources				
Unrestricted:				
Proposal A obligation	15,155,622	13,923,718	13,875,975	(47,743)
Discretionary payment	16,087,828	17,924,640	17,924,565	(75)
Other	-	11,776	11,777	1
Restricted:				
Adult education	118,834	196,572	153,158	(43,414)
Headlee - special education	1,357,973	1,690,404	1,690,403	(1)
Headlee - data collection	109,650	107,426	107,399	(27)
At-risk	1,255,145	1,100,654	1,614,911	514,257
MPSERS cost offset	658,661	637,887	766,027	128,140
MPSERS UAAL	3,962,917	4,356,270	4,407,710	51,440
Vocational education	-	270,065	143,363	(126,702)
Per pupil	-	3,421,716	3,423,301	1,585
Other	406,985	418,227	421,899	3,672
Transfer from intermediate school district - School readiness	332,497	368,756	301,955	(66,801)
Total state sources	<u>39,446,112</u>	<u>44,428,111</u>	<u>44,842,443</u>	<u>414,332</u>
Federal sources				
Title I	369,186	376,511	68,252	(308,259)
Title II - improving teacher quality	190,211	129,138	117,488	(11,650)
Title III - limited english proficiency	2,208	2,208	7,647	5,439
Title IV - student support and academic enrichment	22,377	41,168	16,890	(24,278)
Adult education - ABE instruction	40,618	40,618	41,487	869
ESSER	1,270,895	2,677,088	1,609,522	(1,067,566)
Transfer from intermediate school district:				
Medicaid outreach	13,000	16,000	12,489	(3,511)
Homeless	3,109	8,903	14,095	5,192
Career and technical education	37,100	37,100	39,842	2,742
Total federal sources	<u>1,948,704</u>	<u>3,328,734</u>	<u>1,927,712</u>	<u>(1,401,022)</u>
Total revenues	<u>47,163,344</u>	<u>54,298,095</u>	<u>53,485,132</u>	<u>(812,963)</u>
Other financing sources				
Proceeds from sale of capital assets	300	24,700	24,757	57
Issuance of other long-term liabilities	-	-	222,566	222,566
Transfers in	61,144	69,114	77,070	7,956
Total other financing sources	<u>61,444</u>	<u>93,814</u>	<u>324,393</u>	<u>230,579</u>
Total revenues and other financing sources	<u>\$ 47,224,788</u>	<u>\$ 54,391,909</u>	<u>\$ 53,809,525</u>	<u>\$ (582,384)</u>

BEDFORD PUBLIC SCHOOLS

Schedule of Expenditures and Other Financing Uses - By Activity

Budget and Actual - General Fund
For the Year Ended June 30, 2023

	Salaries	Employee Benefits	Purchased Services	Repair and Maintenance Services
Instruction				
Basic programs:				
Elementary	\$ 5,395,887	\$ 4,975,087	\$ 264,372	\$ 46,748
Middle School	2,457,147	3,060,745	207,573	34,040
High school	3,494,940	2,403,111	251,257	38,358
Other basic programs	207,509	105,740	6,959	-
	<u>11,555,483</u>	<u>10,544,683</u>	<u>730,161</u>	<u>119,146</u>
Added needs:				
Special education	1,800,793	1,372,674	200,700	-
Compensatory education	669,489	313,632	519	-
Vocational education	537,008	304,105	35,824	276
	<u>3,007,290</u>	<u>1,990,411</u>	<u>237,043</u>	<u>276</u>
Adult and continuing education:				
Basic	27,100	10,045	2,327	-
Secondary	25,230	9,316	1,876	-
	<u>52,330</u>	<u>19,361</u>	<u>4,203</u>	<u>-</u>
Other instructional services	-	10,225	-	-
	<u>-</u>	<u>10,225</u>	<u>-</u>	<u>-</u>
Total instruction	<u>14,615,103</u>	<u>12,564,680</u>	<u>971,407</u>	<u>119,422</u>
Support services				
Pupil:				
Guidance	408,478	383,556	2,920	-
Health	141,061	94,063	130,788	-
Speech	398,633	387,706	-	-
Other	101,063	66,693	318,630	-
	<u>1,049,235</u>	<u>932,018</u>	<u>452,338</u>	<u>-</u>



Supplies and Materials	Capital Outlay	Other	Totals	Final Budget	Actual Over (Under) Final Budget
\$ 136,239	\$ -	\$ -	\$ 10,818,333	\$ 11,459,987	\$ (641,654)
33,382	-	345,277	6,138,164	8,780,773	(2,642,609)
43,927	-	-	6,231,593	6,253,630	(22,037)
7,180	-	-	327,388	369,959	(42,571)
<u>220,728</u>	<u>-</u>	<u>345,277</u>	<u>23,515,478</u>	<u>26,864,349</u>	<u>(3,348,871)</u>
2,617	-	-	3,376,784	3,634,480	(257,696)
4,465	-	-	988,105	1,528,226	(540,121)
321,493	-	4,020	1,202,726	1,128,810	73,916
<u>328,575</u>	<u>-</u>	<u>4,020</u>	<u>5,567,615</u>	<u>6,291,516</u>	<u>(723,901)</u>
10,035	-	-	49,507	52,267	(2,760)
15,192	-	-	51,614	46,909	4,705
<u>25,227</u>	<u>-</u>	<u>-</u>	<u>101,121</u>	<u>99,176</u>	<u>1,945</u>
-	-	-	10,225	15,000	(4,775)
<u>574,530</u>	<u>-</u>	<u>349,297</u>	<u>29,194,439</u>	<u>33,270,041</u>	<u>(4,075,602)</u>
4,734	-	-	799,688	26,848	772,840
1,378	-	-	367,290	327,358	39,932
-	-	-	786,339	784,433	1,906
10,439	-	14,993	511,818	1,231,729	(719,911)
<u>16,551</u>	<u>-</u>	<u>14,993</u>	<u>2,465,135</u>	<u>2,370,368</u>	<u>94,767</u>

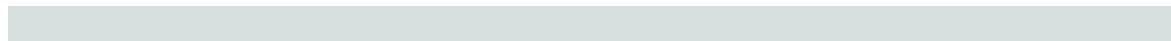
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BEDFORD PUBLIC SCHOOLS

Schedule of Expenditures and Other Financing Uses - By Activity (Continued)

Budget and Actual - General Fund
For the Year Ended June 30, 2023

	Salaries	Employee Benefits	Purchased Services	Repair and Maintenance Services
Support services (concluded)				
Instructional services:				
Improvement	\$ 139,686	\$ 74,325	\$ 615,386	\$ -
Education media services	251,580	266,943	-	-
Instruction related technology	-	-	-	-
Supervision direction	37,953	11,074	805	-
Academic student assessment	-	49,991	(98,210)	-
Other	384,120	318,153	227,526	-
	<u>813,339</u>	<u>720,486</u>	<u>745,507</u>	<u>-</u>
General administration:				
Board of education	2,094	546	150,422	-
Executive administration	507,735	337,284	8,263	5,300
	<u>509,829</u>	<u>337,830</u>	<u>158,685</u>	<u>5,300</u>
School administration:				
Principals	71,572	52,605	70	-
Other	2,000,480	1,767,727	46,303	-
	<u>2,072,052</u>	<u>1,820,332</u>	<u>46,373</u>	<u>-</u>
Business:				
Fiscal services	277,630	255,454	33,245	1,237
Internal services	-	-	12,207	-
Other	-	-	-	-
	<u>277,630</u>	<u>255,454</u>	<u>45,452</u>	<u>1,237</u>
Maintenance	<u>1,236,871</u>	<u>1,058,447</u>	<u>527,717</u>	<u>187,781</u>
Transportation	<u>1,354,802</u>	<u>1,303,388</u>	<u>35,884</u>	<u>72,758</u>
Other support services:				
Planning, research and development	35,060	23,833	-	-
Information services	-	-	22,775	-
Staff services	352,514	326,026	75,621	-
Technology services	6,705	2,389	-	-
Other	-	-	(142,239)	10,315
	<u>394,279</u>	<u>352,248</u>	<u>(43,843)</u>	<u>10,315</u>
Total support services	<u>7,708,037</u>	<u>6,780,203</u>	<u>1,968,113</u>	<u>277,391</u>



Supplies and Materials	Capital Outlay	Other	Totals	Final Budget	Actual Over (Under) Final Budget
\$ 7,611	\$ -	\$ 772	\$ 837,780	\$ 670,412	\$ 167,368
14,382	-	-	532,905	498,036	34,869
2,685	-	-	2,685	2,925	(240)
407	-	720	50,959	61,912	(10,953)
408	-	-	(47,811)	2,323	(50,134)
155,418	-	880	1,086,097	1,118,523	(32,426)
<u>180,911</u>	<u>-</u>	<u>2,372</u>	<u>2,462,615</u>	<u>2,354,131</u>	<u>108,484</u>
-	-	4,146	157,208	163,413	(6,205)
897	-	41,141	900,620	1,067,414	(166,794)
<u>897</u>	<u>-</u>	<u>45,287</u>	<u>1,057,828</u>	<u>1,230,827</u>	<u>(172,999)</u>
8,869	-	2,030	135,146	127,262	7,884
4,476	-	10,557	3,829,543	3,927,526	(97,983)
<u>13,345</u>	<u>-</u>	<u>12,587</u>	<u>3,964,689</u>	<u>4,054,788</u>	<u>(90,099)</u>
269	-	15,843	583,678	1,110,544	(526,866)
-	-	-	12,207	21,000	(8,793)
-	-	104,189	104,189	112,603	(8,414)
<u>269</u>	<u>-</u>	<u>120,032</u>	<u>700,074</u>	<u>1,244,147</u>	<u>(544,073)</u>
978,049	-	3,768	3,992,633	4,107,832	(115,199)
<u>229,297</u>	<u>-</u>	<u>32,475</u>	<u>3,028,604</u>	<u>3,360,161</u>	<u>(331,557)</u>
-	-	-	58,893	42,520	16,373
6,057	-	36	28,868	29,940	(1,072)
1,907	-	2,654	758,722	732,048	26,674
-	-	-	9,094	9,122	(28)
2,014	-	(16)	(129,926)	95,104	(225,030)
<u>9,978</u>	<u>-</u>	<u>2,674</u>	<u>725,651</u>	<u>908,734</u>	<u>(183,083)</u>
<u>1,429,297</u>	<u>-</u>	<u>234,188</u>	<u>18,397,229</u>	<u>19,630,988</u>	<u>(1,233,759)</u>

continued...

BEDFORD PUBLIC SCHOOLS

Schedule of Expenditures and Other Financing Uses - By Activity (Concluded)

Budget and Actual - General Fund
For the Year Ended June 30, 2023

	Salaries	Employee Benefits	Purchased Services	Repair and Maintenance Services
Community services	\$ 1,808	\$ 139	\$ 2,153	\$ -
Athletics	541,013	399,447	129,667	8,786
Debt service	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	22,865,961	19,744,469	3,071,340	405,599
Other financing uses				
Transfers out	-	-	-	-
Total expenditures and other financing uses	\$ 22,865,961	\$ 19,744,469	\$ 3,071,340	\$ 405,599



Supplies and Materials	Capital Outlay	Other	Totals	Final Budget	Actual Over (Under) Final Budget
\$ 868	\$ -	\$ -	\$ 4,968	\$ 19,618	\$ (14,650)
<u>108,110</u>	<u>-</u>	<u>24,551</u>	<u>1,211,574</u>	<u>1,349,857</u>	<u>(138,283)</u>
<u>-</u>	<u>-</u>	<u>238,946</u>	<u>238,946</u>	<u>-</u>	<u>238,946</u>
<u>-</u>	<u>2,197,409</u>	<u>-</u>	<u>2,197,409</u>	<u>2,127,642</u>	<u>69,767</u>
<u>2,112,805</u>	<u>2,197,409</u>	<u>846,982</u>	<u>51,244,565</u>	<u>56,398,146</u>	<u>(5,153,581)</u>
<u>-</u>	<u>-</u>	<u>1,050,239</u>	<u>1,050,239</u>	<u>1,050,877</u>	<u>(638)</u>
<u>\$ 2,112,805</u>	<u>\$ 2,197,409</u>	<u>\$ 1,897,221</u>	<u>\$ 52,294,804</u>	<u>\$ 57,449,023</u>	<u>\$ (5,154,219)</u>

concluded.

BEDFORD PUBLIC SCHOOLS

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Food Service Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local sources -				
Food sales	\$ 660,000	\$ 677,000	\$ 673,808	\$ (3,192)
State sources -				
Restricted grants	113,000	103,423	94,536	(8,887)
Federal sources:				
School lunch program	471,000	807,146	828,165	21,019
Federal commodities	60,000	60,000	86,265	26,265
Total revenues	<u>1,304,000</u>	<u>1,647,569</u>	<u>1,682,774</u>	<u>35,205</u>
Expenditures				
Current:				
Food service:				
Salaries	340,900	418,767	367,234	(51,533)
Benefits	274,698	256,293	201,242	(55,051)
Purchased services	296,712	321,212	319,046	(2,166)
Repair and maintenance	9,250	9,400	8,992	(408)
Supplies and materials	590,460	573,808	572,338	(1,470)
Other	4,200	4,200	3,453	(747)
Capital outlay	356,000	660,313	561,349	(98,964)
Total expenditures	<u>1,872,220</u>	<u>2,243,993</u>	<u>2,033,654</u>	<u>(210,339)</u>
Revenues under expenditures	<u>(568,220)</u>	<u>(596,424)</u>	<u>(350,880)</u>	<u>245,544</u>
Other financing sources (uses)				
Transfers in	3,500	2,000	1,352	(648)
Transfers out	(25,000)	(25,000)	(31,746)	6,746
Total other financing sources (uses)	<u>(21,500)</u>	<u>(23,000)</u>	<u>(30,394)</u>	<u>(7,394)</u>
Net change in fund balance	<u>(589,720)</u>	<u>(619,424)</u>	<u>(381,274)</u>	<u>238,150</u>
Fund balance, beginning of year	<u>1,380,336</u>	<u>1,380,336</u>	<u>1,380,336</u>	<u>-</u>
Fund balance, end of year	<u>\$ 790,616</u>	<u>\$ 760,912</u>	<u>\$ 999,062</u>	<u>\$ 238,150</u>

BEDFORD PUBLIC SCHOOLS

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Technology Enhancement Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local sources -				
Other local sources	\$ 1,523,500	\$ 1,401,000	\$ 1,418,786	\$ 17,786
State sources -				
Restricted grants	-	-	139,166	139,166
Total revenues	<u>1,523,500</u>	<u>1,401,000</u>	<u>1,557,952</u>	<u>156,952</u>
Expenditures				
Current:				
Support services:				
Salaries	702,809	544,930	446,535	(98,395)
Benefits	421,215	303,855	260,933	(42,922)
Purchased services	150,500	234,300	228,241	(6,059)
Repair and maintenance	1,300	50,500	50,408	(92)
Supplies and materials	12,700	25,140	24,818	(322)
Capital outlay	175,000	628,993	601,367	(27,626)
Total expenditures	<u>1,463,524</u>	<u>1,787,718</u>	<u>1,612,302</u>	<u>(175,416)</u>
Revenues over (under) expenditures	<u>59,976</u>	<u>(386,718)</u>	<u>(54,350)</u>	<u>332,368</u>
Other financing sources				
Proceeds from sale of capital assets	-	131,443	-	(131,443)
Transfers in	-	200,000	200,000	-
Total other financing sources	<u>-</u>	<u>331,443</u>	<u>200,000</u>	<u>(131,443)</u>
Net change in fund balance	<u>59,976</u>	<u>(55,275)</u>	<u>145,650</u>	<u>200,925</u>
Fund balance, beginning of year	<u>55,998</u>	<u>55,998</u>	<u>55,998</u>	<u>-</u>
Fund balance, end of year	<u>\$ 115,974</u>	<u>\$ 723</u>	<u>\$ 201,648</u>	<u>\$ 200,925</u>

BEDFORD PUBLIC SCHOOLS

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Student/School Activity Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local sources -				
Other local revenues	\$ 650,000	\$ 807,000	\$ 902,523	\$ 95,523
Expenditures				
Current:				
Support services -				
Other	650,000	760,000	840,053	80,053
Net change in fund balance	-	47,000	62,470	15,470
Fund balance, beginning of year	673,066	673,066	673,066	-
Fund balance, end of year	<u>\$ 673,066</u>	<u>\$ 720,066</u>	<u>\$ 735,536</u>	<u>\$ 15,470</u>

BEDFORD PUBLIC SCHOOLS

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Health Van Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local sources:				
Local unit appropriations	\$ 60,100	\$ 61,000	\$ 61,713	\$ 713
Service fees	105,000	90,000	107,900	17,900
State sources -				
Other state grants	28,850	49,000	75,113	26,113
Total revenues	<u>193,950</u>	<u>200,000</u>	<u>244,726</u>	<u>44,726</u>
Expenditures				
Current:				
Community services:				
Salaries	126,189	124,744	120,473	(4,271)
Benefits	55,539	57,394	51,511	(5,883)
Purchased services	8,100	10,650	9,861	(789)
Supplies and materials	27,450	28,750	27,967	(783)
Other	150	150	34	(116)
Capital outlay	565	3,000	2,753	(247)
Total expenditures	<u>217,993</u>	<u>224,688</u>	<u>212,599</u>	<u>(12,089)</u>
Revenues over (under) expenditures	(24,043)	(24,688)	32,127	56,815
Other financing uses				
Transfers out	<u>(12,120)</u>	<u>(14,155)</u>	<u>(13,224)</u>	<u>(931)</u>
Net change in fund balance	<u>(36,163)</u>	<u>(38,843)</u>	<u>18,903</u>	<u>57,746</u>
Fund balance, beginning of year	<u>186,033</u>	<u>186,033</u>	<u>186,033</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 149,870</u></u>	<u><u>\$ 147,190</u></u>	<u><u>\$ 204,936</u></u>	<u><u>\$ 57,746</u></u>

BEDFORD PUBLIC SCHOOLS

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Recreation Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local sources:				
Local unit appropriations	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Service fees	313,000	402,800	401,555	(1,245)
Rental income	10,678	10,678	62,502	51,824
Total revenues	<u>348,678</u>	<u>438,478</u>	<u>489,057</u>	<u>50,579</u>
Expenditures				
Current:				
Community services:				
Salaries	162,733	209,393	175,828	(33,565)
Benefits	72,437	92,699	65,444	(27,255)
Purchased services	63,550	101,000	90,111	(10,889)
Supplies and materials	26,550	33,305	31,469	(1,836)
Other	50	194	51	(143)
Total expenditures	<u>325,320</u>	<u>436,591</u>	<u>362,903</u>	<u>(73,688)</u>
Revenues over expenditures	<u>23,358</u>	<u>1,887</u>	<u>126,154</u>	<u>124,267</u>
Other financing sources (uses)				
Transfers in	11,953	11,653	14,222	2,569
Transfers out	(11,581)	(18,773)	(15,315)	(3,458)
Total other financing sources (uses)	<u>372</u>	<u>(7,120)</u>	<u>(1,093)</u>	<u>6,027</u>
Net change in fund balance	23,730	(5,233)	125,061	130,294
Fund balance, beginning of year	<u>8,167</u>	<u>8,167</u>	<u>8,167</u>	<u>-</u>
Fund balance, end of year	<u>\$ 31,897</u>	<u>\$ 2,934</u>	<u>\$ 133,228</u>	<u>\$ 130,294</u>

BEDFORD PUBLIC SCHOOLS

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Latchkey Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local sources -				
Tuition	\$ 400,000	\$ 697,000	\$ 739,937	\$ 42,937
Expenditures				
Current:				
Community services:				
Salaries	82,373	49,755	87,896	38,141
Benefits	32,142	35,113	27,280	(7,833)
Purchased services	253,120	256,770	349,881	93,111
Supplies and materials	12,000	23,000	33,442	10,442
Total expenditures	<u>379,635</u>	<u>364,638</u>	<u>498,499</u>	<u>133,861</u>
Revenues over expenditures	20,365	332,362	241,438	(90,924)
Other financing uses				
Transfers out	<u>(21,108)</u>	<u>(22,972)</u>	<u>(31,007)</u>	<u>8,035</u>
Net change in fund balance	(743)	309,390	210,431	(98,959)
Fund balance, beginning of year	<u>725,369</u>	<u>725,369</u>	<u>725,369</u>	<u>-</u>
Fund balance, end of year	<u>\$ 724,626</u>	<u>\$ 1,034,759</u>	<u>\$ 935,800</u>	<u>\$ (98,959)</u>

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SINGLE AUDIT ACT COMPLIANCE

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**INDEPENDENT AUDITORS' REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

October 31, 2023

Board of Education
Bedford Public Schools
Temperance, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Bedford Public Schools** (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated October 31, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Rehmann Johnson LLC



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BEDFORD PUBLIC SCHOOLS

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2023

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through Grantor Number
U.S. Department of Agriculture			
Local Food for Schools	10.185	MDE	230985
Child Nutrition Cluster:			
National School Breakfast	10.553	MDE	221970
National School Breakfast	10.553	MDE	231970
National School Lunch Program:			
Non-Cash Assistance - Entitlement Commodities	10.555	MDE	n/a
Non-Cash Assistance - Bonus Commodities	10.555	MDE	n/a
Supply Chain Assistance	10.555	MDE	220910
Supply Chain Assistance	10.555	MDE	230910
National School Lunch	10.555	MDE	221960
National School Lunch	10.555	MDE	231960
Total Child Nutrition Cluster			
Child and Adult Care Food Program	10.558	MDE	221920
Child and Adult Care Food Program	10.558	MDE	231920
COVID-19 - PEBT Local Cost Grant	10.649	MDE	220980
Total U.S. Department of Agriculture			
U.S. Department of Education			
Adult Education - Basic Grants to States:			
Federal Adult Education ABE Instruction	84.002	MDE	231130-231912
Title I Grant to Local Educational Agencies:			
Title I, Part A - 2021-22	84.010	MDE	221530-2122
Title I, Part A - 2022-23	84.010	MDE	231530-2223
Career and Technical Education - Basic Grants to States:			
Perkins II - Vocational Education	84.048A	MCISD	V048A200022
Perkins II - Vocational Education	84.048A	MCISD	V048A200022
Education for Homeless Children and Youth:			
McKinney - Vento Homeless Student's Assistance	84.196	MCISD	222320-2122
McKinney - Vento Homeless Student's Assistance	84.196	MCISD	232320-2223

Approved Award/Grant Amount	Prior Year(s) Expenditures (Memo Only)	Accrued (Unearned) Revenue July 1, 2022	Adjustments	Current Year Cash Received	Federal Expenditures	Accrued (Unearned) Revenue June 30, 2023
\$ 17,396	\$ -	\$ -	\$ -	\$ 17,396	\$ 17,396	\$ -
8,132	-	-	-	8,132	8,132	-
90,448	-	-	-	90,448	90,448	-
		-	-	98,580	98,580	-
80,479	-	-	-	80,479	80,479	-
5,786	-	-	-	5,786	5,786	-
77,826	-	-	-	77,826	77,826	-
40,185	-	-	-	40,185	40,185	-
59,473	-	-	-	59,473	59,473	-
529,002	-	-	-	529,002	529,002	-
		-	-	792,751	792,751	-
		-	-	891,331	891,331	-
105	-	-	-	105	105	-
2,463	-	-	-	2,463	2,463	-
		-	-	2,568	2,568	-
3,135	-	-	-	3,135	3,135	-
		-	-	914,430	914,430	-
41,487	-	-	-	-	41,487	41,487
355,967	164,856	36,248	(68,476)	(32,228)	-	-
376,511	-	-	-	81,063	136,728	55,665
		36,248	(68,476)	48,835	136,728	55,665
37,100	37,100	7,302	-	7,302	-	-
39,842	-	-	-	36,438	39,842	3,404
		7,302	-	43,740	39,842	3,404
11,219	8,817	6,431	-	8,833	2,402	-
11,693	-	-	-	6,919	11,693	4,774
		6,431	-	15,752	14,095	4,774

continued...

BEDFORD PUBLIC SCHOOLS

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2023

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through Grantor Number
U.S. Department of Education (concluded)			
English Language Acquisition State Grants - Title III - Limited English Proficient	84.365A	MPS	230580-2223
Supporting Effective Instruction State Grants:			
Title II, Part A - Supporting Effective Instruction	84.367	MDE	220520-2122
Title II, Part A - Supporting Effective Instruction	84.367	MDE	230520-2223
Student Support and Academic Enrichment Program:			
Title IV Part A - 2021-2022	84.424	MDE	220750-2122
Title IV Part A - 2022-2023	84.424	MDE	230750-2223
COVID-19 - Education Stabilization Fund - Elementary and Secondary School Emergency Relief (ESSER):			
ESSER II Formula 11r2 2021-2022	84.425D	MDE	213712-2021
ESSER II 98c Learning Loss	84.425D	MDE	213782-2223
ARP/ESSER III 2021-2022	84.425U	MDE	213713-2122
Sec11t Equalization 2021-2022	84.425U	MDE	213723-2122
Total U.S. Department of Education			
U.S. Department of Health and Human Services			
Medicaid Cluster - Medical Assistance Program	93.778	MCISD	n/a
Total Federal Financial Assistance			

See notes to schedule of expenditures of federal awards.

Approved Award/Grant Amount	Prior Year(s) Expenditures (Memo Only)	Accrued (Unearned) Revenue July 1, 2022	Adjustments	Current Year Cash Received	Federal Expenditures	Accrued (Unearned) Revenue June 30, 2023
\$ 7,986	\$ -	\$ -	\$ -	\$ -	\$ 7,647	\$ 7,647
180,457	136,490	23,842	-	23,842	-	-
129,138	-	-	-	129,138	117,488	(11,650)
		<u>23,842</u>	<u>-</u>	<u>152,980</u>	<u>117,488</u>	<u>(11,650)</u>
38,036	19,681	11,496	-	11,496	-	-
41,168	-	-	-	14,005	16,890	2,885
		<u>11,496</u>	<u>-</u>	<u>25,501</u>	<u>16,890</u>	<u>2,885</u>
1,117,749	1,027,691	540,352	-	-	90,058	630,410
211,260	-	-	-	-	208,210	208,210
2,512,092	-	-	-	762,015	881,042	119,027
2,120,731	-	-	-	761,373	430,212	(331,161)
		<u>540,352</u>	<u>-</u>	<u>1,523,388</u>	<u>1,609,522</u>	<u>626,486</u>
		<u>625,671</u>	<u>(68,476)</u>	<u>1,810,196</u>	<u>1,983,699</u>	<u>730,698</u>
12,489	-	-	-	12,489	12,489	-
		<u>\$ 625,671</u>	<u>\$ (68,476)</u>	<u>\$ 2,737,115</u>	<u>\$ 2,910,618</u>	<u>\$ 730,698</u>

concluded.

BEDFORD PUBLIC SCHOOLS

Notes to Schedule of Expenditures of Federal Awards

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Bedford Public Schools (the "District") under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the District's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and other applicable guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Cash received is recorded on the cash basis; expenditures are recorded on the modified accrual basis of accounting. Revenues are recognized when the qualifying expenditures have been incurred and all grant requirements have been met.

The Schedule has been arranged to provide information on both actual cash received and the revenue recognized. Accordingly, the effects of accruals of accounts receivable, unearned revenue, and accounts payable items at both the beginning and end of the fiscal year have been reported.

Expenditures are in agreement with amounts reported in the financial statements and the financial reports. The amounts reported on the Grant Auditor Report reconcile with this Schedule.

2. 10% DE MINIMIS COST RATE

For purposes of charging indirect costs to federal awards, the District has not elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

3. RECONCILIATION TO BASIC FINANCIAL STATEMENTS

A reconciliation of revenues from federal sources per governmental funds financial statements and expenditures per single audit act compliance schedule of expenditures of federal awards is as follows:

Federal revenues as reported in the financial statements	\$ 2,842,142
Adjustment to Title I revenue	<u>68,476</u>
Expenditures per schedule of expenditures of federal awards	<u><u>\$ 2,910,618</u></u>

BEDFORD PUBLIC SCHOOLS

Notes to Schedule of Expenditures of Federal Awards

4. PASS-THROUGH AGENCIES

The District receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Agency Abbreviation	Pass-through Agency Name
MDE	Michigan Department of Education
MCISD	Monroe County Intermediate School District
MPS	Monroe Public Schools



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**INDEPENDENT AUDITORS' 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***

October 31, 2023

Board of Education
Bedford Public Schools
Temperance, Michigan

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** (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 31, 2023.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 District'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.

Rehmann Lobson LLC

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

October 31, 2023

Board of Education
Bedford Public Schools
Temperance, Michigan

Report on Compliance for the Major Federal Program

Qualified Opinion

We have audited the compliance of the **Bedford Public Schools** (the "District") with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2023. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on the Education Stabilization Fund program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its Education Stabilization Fund program for the year ended June 30, 2023.

Basis for Qualified Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Independent Auditors' Responsibilities for the Audit of Compliance section of our report.

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



Matter Giving Rise to Qualified Opinion on the Education Stabilization Fund program

As described in item 2023-001 in the accompanying schedule of findings and questioned costs, the District did not comply with the Special Tests and Provisions requirement applicable to its Education Stabilization Fund program. Compliance with this requirement is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Independent Auditors' Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Independent Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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 consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

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



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BEDFORD PUBLIC SCHOOLS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements yes X no

Federal Awards

Internal control over the major program:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified? yes X none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 X yes no

Identification of the major program and type of report issued on compliance for the major program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion</u>
84.425	Education Stabilization Fund	Qualified

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee? yes X no

BEDFORD PUBLIC SCHOOLS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

BEDFORD PUBLIC SCHOOLS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2023

SECTION III - FEDERAL AWARD FINDING AND QUESTIONED COSTS

2023-001 – Special Tests and Provisions – Wage Rate Requirements

Finding Type. Material Noncompliance; Material Weakness in Internal Controls over Compliance.

Federal program(s)

U.S. Department of Education

- COVID-19 - Education Stabilization Fund (ALN 84.425D and 84.425U); Passed through the Michigan Department of Education; All project numbers.

Criteria. The Uniform Guidance requires that all laborers and mechanics employed by contractors to work on minor remodeling, renovation or construction contracts in excess of \$2,000 financed by federal assistance funds be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor (DOL). Nonfederal entities shall include in their construction contracts subject to the wage rate requirements a provision that the contractor or subcontractor comply with those requirements and the DOL regulations, which include a requirement to obtain weekly certified payrolls from contractors.

Condition. The one contract selected for testing that was subject to the wage rate requirements did not include the required provision and the District did not obtain the required certified payrolls.

Cause. The District does not have the proper internal controls in place to ensure that all contracts awarded have complied with federal requirements.

Effect. The District did not follow federal requirements to include the prevailing wage rate provision in its contract.

Questioned Costs. The total charges that were not supported by allowable documentation amounted to \$119,700.

Recommendation. We recommend that the District reviews its policies to ensure that applicable prevailing wage requirements are included in construction contracts whenever federal funds are used and certified payrolls are obtained.

View of Responsible Officials. District officials will ensure that construction contracts contain these requirements during the bid process.

Responsible Official. Executive Director of Business Services

Estimated Completion Date. June 30, 2024



BEDFORD PUBLIC SCHOOLS

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2023

2022-001 - Preparation of Schedule of Expenditures of Federal Awards

The District is required to prepare appropriate financial statements, including the schedule of expenditures of federal awards in accordance with the Uniform Guidance. The District was able to provide a partially complete schedule of expenditures of federal awards (SEFA) during audit fieldwork, but several adjustments were ultimately required as the SEFA and federal revenues were initially misstated. This finding has been resolved.

2022-002 – Equipment/Real Property Management – Prior Approval for Capital Expenditures

The Uniform Guidance requires that recipients of grant funds receive prior approval for capital expenditures for equipment acquisition or improvements to land, buildings, or equipment. The District was unable to provide support for prior approval for certain capital expenditures for equipment purchased with federal funds. This finding has been resolved.

