

**BEDFORD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

AUDIT REPORT

**FOR THE FISCAL YEAR
ENDED JUNE 30, 2013**

James G. Zupka, CPA, Inc.
Certified Public Accountants

**BEDFORD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Education
Bedford City School District
Bedford, Ohio

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, the major fund, and the aggregate remaining fund information of the Bedford City School District, Cuyahoga County, Ohio, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Bedford City School District, Ohio's basic financial statements and have issued our report thereon dated December 10, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bedford City School District, Ohio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bedford City School District, Ohio's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bedford City School District, Ohio'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bedford City School District, Ohio'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Purpose of This Report

This 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 Bedford City School District, Ohio'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**James G. Zupka, CPA, Inc.
Certified Public Accountants**

December 10, 2013

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133**

Board of Education
Bedford City School District
Bedford, Ohio

Report on Compliance for Each Major Federal Program

We have audited the Bedford City School District, Cuyahoga County, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Bedford City School District, Ohio's major federal program for the year ended June 30, 2013. The Bedford City School District, Ohio's major federal program is identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Bedford City School District, Ohio's compliance.

Opinion on Each Major Federal Program

In our opinion, the Bedford City School District, Ohio complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Bedford City School District, Ohio, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Bedford City School District, Ohio's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Bedford City School District, Ohio's internal control over compliance.

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Bedford City School District, Ohio, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Bedford City School District, Ohio's basic financial statements. We issued our report thereon dated December 10, 2013, 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 OMB Circular A-133 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.



**James G. Zupka, CPA, Inc.
Certified Public Accountants**

December 10, 2013

**BEDFORD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Federal Grantor/ <i>Pass-Through Grantor/</i> Program or Cluster Title	Federal CFDA Number	Pass- Through Grantor Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. Department of Agriculture</u>						
Passed through State Department of Education						
<i>Child Nutrition Cluster:</i>						
National School Breakfast Program	10.553	2013	\$ 391,915	\$ 0	\$ 391,915	\$ 0
National School Lunch Program	10.555	2013	881,350	81,712	881,350	81,712
<i>Total Child Nutrition Cluster</i>			<u>1,273,265</u>	<u>88,712</u>	<u>1,273,265</u>	<u>81,712</u>
Total U.S. Department of Agriculture			<u>1,273,265</u>	<u>88,712</u>	<u>1,273,265</u>	<u>88,712</u>
<u>U.S. Department of Education</u>						
Passed through State Department of Education						
<i>Title I School Subsidy Cluster:</i>						
Title I - Grants to Local Educational Agencies	84.010	2012	212,797	0	158,510	0
Title I - Grants to Local Educational Agencies	84.010	2013	704,635	0	1,058,191	0
<i>Total CFDA #84.010</i>			<u>917,432</u>	<u>0</u>	<u>1,216,701</u>	<u>0</u>
<i>Total Title I School Subsidy Cluster</i>			<u>917,432</u>	<u>0</u>	<u>1,216,701</u>	<u>0</u>
<i>Special Education Cluster:</i>						
Special Education - IDEA Part B	84.027	2012	213,353	0	99,078	0
Special Education - IDEA Part B	84.027	2013	662,136	0	743,102	0
<i>Total CFDA #84.027</i>			<u>875,489</u>	<u>0</u>	<u>842,180</u>	<u>0</u>
Special Education-Preschool Grants (IDEA Preschool)	84.173	2012	4,635	0	2,798	0
Special Education-Preschool Grants (IDEA Preschool)	84.173	2013	36,413	0	36,642	0
<i>Total CFDA #84.173</i>			<u>41,048</u>	<u>0</u>	<u>39,440</u>	<u>0</u>
<i>Total Special Education Cluster</i>			<u>916,537</u>	<u>0</u>	<u>881,620</u>	<u>0</u>
Vocational Education - Basic Grants to States	84.048	2012	62,367	0	33,520	0
Vocational Education - Basic Grants to States	84.048	2013	65,514	0	79,713	0
<i>Total CFDA #84.048</i>			<u>127,881</u>	<u>0</u>	<u>113,233</u>	<u>0</u>
<i>Education Technology State Grants Cluster:</i>						
Education Technology State Grants	84.318	2012	7,635	0	0	0
Education Technology State Grants	84.318	2013	3,060	0	3,060	0
<i>Total CFDA #84.318</i>			<u>10,695</u>	<u>0</u>	<u>3,060</u>	<u>0</u>
<i>Total Education Technology State Grants Cluster</i>			<u>10,695</u>	<u>0</u>	<u>3,060</u>	<u>0</u>
English Language Acquisition Grant	84.365	2013	7,931	0	10,000	0
Improving Teacher Quality State Grants	84.367	2012	35,594	0	34,033	0
Improving Teacher Quality State Grants	84.367	2013	93,639	0	94,597	0
<i>Total CFDA #84.367</i>			<u>129,233</u>	<u>0</u>	<u>128,630</u>	<u>0</u>
ARRA - Race to the Top Grant	84.395	2013	2,450	0	2,450	0
Education Jobs Fund	84.410	2012	50,200	0	50,200	0
Total U.S. Department of Education			<u>2,162,359</u>	<u>0</u>	<u>2,405,894</u>	<u>0</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,435,624</u>	<u>\$ 81,712</u>	<u>\$ 3,679,159</u>	<u>\$ 81,712</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

BEDFORD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2013

NOTE 1: **SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE 2: **CHILD NUTRITION CLUSTER**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE 3: **FOOD DONATION PROGRAM**

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

**BEDFORD CITY SCHOOL DISTRICT
 CUYAHOGA COUNTY, OHIO
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 OMB CIRCULAR A-133 & .505
 JUNE 30, 2013**

1. SUMMARY OF AUDITOR’S RESULTS

2013(i)	Type of Financial Statement Opinion	Unmodified
2013(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2013(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2013(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2013(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2013(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2013(v)	Type of Major Program’s Compliance Opinion	Unmodified
2013(vi)	Are there any reportable findings under .510(a)?	No
2013(vii)	Major Programs (list): Title I - Grants to Local Educational Agencies - CFDA #84.010	
2013(viii)	Dollar Threshold: Type A\B Program	Type A: \$300,000 or more Type B: All others less than \$300,000
2013(ix)	Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**BEDFORD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2013**

The prior audit report, as of June 30, 2012, included no citations or instances of noncompliance. Management letter recommendations were corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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**INDEPENDENT AUDITOR'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

Bedford City School District
475 Northfield Road
Bedford, Ohio

To the Board of Education:

Ohio Revised Code Section 117.53 states, "the Auditor of State shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The Auditor of State shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether the Bedford City School District (the District), Cuyahoga County, Ohio, has updated its anti-harassment policy in accordance with Ohio Revised Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on March 21, 2013, to include violence via electronic means and on school buses within its definition of harassment, intimidation, or bullying.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.



James G. Zupka, CPA, Inc.
Certified Public Accountants

December 10, 2013