



Dave Yost • Auditor of State

No assurance is provided on these financial statements.

**Bedford City School District
Cuyahoga County, Ohio**

**General Purpose External Financial Statements
For the Fiscal Year Ended June 30, 2017**

Local Government Services Section

Bedford City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

The discussion and analysis of the Bedford City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, the basic financial statements as well as the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2017 are as follows:

- The School District provided educational services to 3,161 students during fiscal year 2017. This is a decrease from the prior fiscal year.
- Outstanding long-term obligations for the School District increased from the prior fiscal year due to an increase in the net pension liability which was offset by an additional year of debt payments.
- Capital assets in the School District are being carried with a relatively old physical plant and bus fleet. The buildings of the School District are well maintained and in good repair. The School District consistently makes improvements when and where needed in order to ensure sustainability.
- Capital assets decreased from the prior fiscal year due to an additional year of depreciation outpacing current year additions. Capital asset additions included a new maintenance truck, three new busses and several refrigerators, among other items.
- The School District had higher expenses than in the previous fiscal year, primarily due to an increase in instructional expenses as staff moves through the step scales, raises and increases in healthcare coupled with an increase in the pension expense related to the net pension liability.

Using This Comprehensive Annual Financial Report ("CAFR")

This annual report consists of a series of financial statements and notes to those statements. These statements are presented following the requirements of Governmental Accounting Standards Board ("GASB") Statement No. 34, and are organized so the reader can understand the Bedford City School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of the Bedford City School District, the general fund is the most significant fund.

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Reporting on the District as a Whole (District-wide)

Statement of Net Position and the Statement of Activities

The analysis of the School District as a whole begins on page 6. The view of the School District as a whole looks at all financial transactions and asks the questions, "Are we in a better financial position this year than last?" and "Why" or "Why not". The Statement of Net Position and the Statement of Activities provide the basis for answering these questions. The statements include *all assets and deferred outflows of resources* and *liabilities and deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting recognizes all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's *net position* and any change in that position. The change in net position is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some strictly within the scope of the School District, some not. External factors include the School District's property tax base, community demographics, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

The Statement of Net Position and the Statement of Activities is represented in one type of activity; Governmental Activities. The School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities as well as food service operations.

Reporting the School District's Most Significant Funds (Fund Financials)

The analysis of the School District's major fund begins on page 12. Fund financial reports provide detailed information about the School District's major fund. The School District uses many funds to account for a multitude of financial transactions. However, the fund financial statements focus on the School District's most significant fund. The School District's only major fund is the general fund.

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

Proprietary Funds - Proprietary funds have historically operated as *enterprise* and *internal service funds* using the same basis of accounting as business-type activities. The internal service self insurance fund accounts for health insurance, prescription drugs and dental coverage and is reported as the School District's only proprietary fund.

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The School District as a Whole

Recall that the *Statement of Net Position* provides the perspective of the School District as a whole, showing assets, liabilities, deferred outflows and inflows and the difference between them (net position). Table 1 provides a summary of the School District's governmental activities net position for fiscal year 2017 compared to fiscal year 2016:

Table 1
Net Position

	2017	2016	Change
Assets			
Current and Other Assets	\$56,841,651	\$52,490,079	\$4,351,572
Capital Assets, Net	18,184,902	19,164,714	(979,812)
<i>Total Assets</i>	<u>75,026,553</u>	<u>71,654,793</u>	<u>3,371,760</u>
Deferred Outflows of Resources	<u>15,146,333</u>	<u>6,785,488</u>	<u>8,360,845</u>
Liabilities			
Current and Other Liabilities	6,815,629	6,986,881	171,252
Long-Term Liabilities:			
Due Within One Year	1,966,297	2,027,063	60,766
Due in More than One Year			
Net Pension Liability	82,441,957	67,204,086	(15,237,871)
Other Amounts	3,582,671	3,746,188	163,517
<i>Total Liabilities</i>	<u>94,806,554</u>	<u>79,964,218</u>	<u>(14,842,336)</u>
Deferred Inflows of Resources			
Property Taxes	26,666,892	20,675,884	(5,991,008)
Pension	269,791	4,501,467	4,231,676
<i>Total Deferred Inflows of Resources</i>	<u>26,936,683</u>	<u>25,177,351</u>	<u>(1,759,332)</u>
Net Position			
Net Investment in Capital Assets	16,507,065	16,997,654	(490,589)
Restricted:			
Capital Projects	672,773	357,564	315,209
Debt Service	33,428	26,481	6,947
Other Purposes	1,050,858	991,799	59,059
Unrestricted (Deficit)	<u>(49,834,475)</u>	<u>(45,074,786)</u>	<u>(4,759,689)</u>
<i>Total</i>	<u><u>(\$31,570,351)</u></u>	<u><u>(\$26,701,288)</u></u>	<u><u>(\$4,869,063)</u></u>

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The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2017 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 requires the net pension liability to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

There was an increase in deferred outflows of resources and the net pension liability and a decrease in deferred inflows of resources related to the net pension liability from the prior fiscal year. This resulted in an overall decrease in net position for the School District. Total liabilities increased from the prior fiscal year primarily due to an increase in the net pension liability which was slightly offset by a decrease in outstanding debt due to the continued pay down of the debt issuances.

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Table 2 shows changes in governmental net position for fiscal years 2017 and 2016.

Table 2
Changes in Net Position

	2017	2016	Change
Revenues			
<i>Program Revenues:</i>			
Charges for Services and Sales	\$3,125,045	\$2,019,232	\$1,105,813
Operating Grants, Contributions and Interest	5,509,502	5,724,601	(215,099)
Capital Grants	39,293	81,738	(42,445)
<i>Total Program Revenues</i>	<u>8,673,840</u>	<u>7,825,571</u>	<u>848,269</u>
<i>General Revenue:</i>			
Property Taxes	29,305,451	32,417,045	(3,111,594)
Grants and Entitlements	14,109,112	15,460,746	(1,351,634)
Unrestricted Contributions	6,008	18,939	(12,931)
Investments	132,124	57,378	74,746
Payments in Lieu of Taxes	243,908	280,741	(36,833)
Gain on Sale of Capital Assets	1,239	0	1,239
Miscellaneous	291,939	411,280	(119,341)
<i>Total General Revenues</i>	<u>44,089,781</u>	<u>48,646,129</u>	<u>(4,556,348)</u>
Total Revenues	<u>52,763,621</u>	<u>56,471,700</u>	<u>(3,708,079)</u>
Program Expenses			
Instruction	29,781,153	27,642,091	(2,139,062)
Support Services:			
Pupil	4,108,605	3,536,861	(571,744)
Instructional Staff	2,617,368	2,194,517	(422,851)
Board of Education	213,177	233,401	20,224
Administration	4,297,333	4,032,622	(264,711)
Fiscal	1,279,440	1,265,455	(13,985)
Business	776,122	1,186,654	410,532
Operation and Maintenance of Plant	7,057,531	6,625,222	(432,309)
Pupil Transportation	4,085,397	3,628,375	(457,022)
Central	143,369	117,901	(25,468)
Operation of Non-Instructional Services:			
Food Service Operations	1,904,457	1,989,023	84,566
Other Non-Instructional Services	200,868	68,135	(132,733)
Extracurricular Activities	1,103,957	1,087,388	(16,569)
Interest and Fiscal Charges	63,907	73,740	9,833
<i>Total Program Expenses</i>	<u>57,632,684</u>	<u>53,681,385</u>	<u>(3,951,299)</u>
<i>Net Change in Net Position</i>	(4,869,063)	2,790,315	(7,659,378)
<i>Net Position Beginning of Year</i>	<u>(26,701,288)</u>	<u>(29,491,603)</u>	<u>2,790,315</u>
<i>Net Position End of Year</i>	<u>(\$31,570,351)</u>	<u>(\$26,701,288)</u>	<u>(\$4,869,063)</u>

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As can be seen from Table 2, the School District relies heavily upon property taxes and foundation monies to support its operations. The School District also receives additional grant and entitlement funds to help offset operating costs.

The nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation. As an example, the School District would receive from a home valued at \$100,000 and taxed at 1.0 mill, \$35.00, annually. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills, and the School District would still receive \$35.00, annually.

The School District is heavily dependent on property taxes and is hampered by a lack of revenue growth. Thus, the School District must regularly return to the voters to maintain a constant level of service. Property taxes made up over half of total revenues in the School District for fiscal year 2017, followed by grants, entitlements and contributions and then charges for services, investments, unrestricted contributions and other revenue made up the remaining revenues.

General revenues decreased from 2016. In 2017, the School District experienced decreased levels of grant and entitlement revenues and lower property tax revenues. The decrease in property tax revenues is due to the timing of advance settlements. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. At June 30, 2017, the amount available to advance was much lower than in the previous fiscal year due to the fact that many taxpayers paid after the June 30 advance date but before the end of the second half property tax collections. The School District continues to seek out new grant monies available through various federal programs.

Program revenues increased from 2016 as a result of the School District collecting increased amounts of tuition due to the timing of fiscal year 2017 foundation adjustments.

Instructional expenses account for the largest portion of total program expenses. The increase in program expenses is due to an increase in instructional expenses as staff moves through the step scales, raises and increases in healthcare coupled with an increase in the pension expense related to the net pension liability. Building maintenance and pupil transportation cost made up the second largest portion of current year expenses, while board of education, administrative, fiscal and business costs made up the remaining amount. These expenses account primarily for employee costs of salaries and health benefits.

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of service and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

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Table 3
 Net Cost of Governmental Activities

	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
Instruction	\$29,781,153	\$25,048,978	\$27,642,091	\$23,566,640
Support Services:				
Pupil	4,108,605	3,327,772	3,536,861	2,861,943
Instructional Staff	2,617,368	2,030,144	2,194,517	1,707,283
Board of Education	213,177	213,177	233,401	233,401
Administration	4,297,333	4,163,231	4,032,622	3,896,564
Fiscal	1,279,440	1,279,440	1,265,455	1,265,455
Business	776,122	693,928	1,186,654	1,109,973
Operation and Maintenance of Plant	7,057,531	7,018,238	6,625,222	6,541,673
Pupil Transportation	4,085,397	4,085,397	3,628,375	3,628,375
Central	143,369	141,351	117,901	116,584
Operation of Non-Instructional Services:				
Food Service Operations	1,904,457	(5,409)	1,989,023	(636)
Other Non-Instructional Services	200,868	60,506	68,135	35,483
Extracurricular Activities	1,103,957	838,184	1,087,388	819,336
Interest and Fiscal Charges	63,907	63,907	73,740	73,740
<i>Total</i>	<u>\$57,632,684</u>	<u>\$48,958,844</u>	<u>\$53,681,385</u>	<u>\$45,855,814</u>

The dependence on tax revenues and State subsidies for governmental activities is apparent. The majority of instructional activities are supported through taxes and other general revenues.

The School District's Funds

Information about the School District's major funds begins with the balance sheet. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$52,730,042 and expenditures of \$53,614,291. The decrease in fund balance for the general fund was primarily due to increases in regular and special instruction and instructional staff expenses which was offset by increases in tuition and fees revenues. The School District continues to seek out additional sources of funding. The increase in fund balance for all other governmental funds was primarily due to revenues and other financing sources exceeding expenditures during fiscal year 2017.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

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During the course of fiscal year 2017, the School District amended its general fund budget several times, but no change was significant. The general fund final budget revenue amount was higher than the original budget amount. The increase was due to the greater than anticipated collection of tax and intergovernmental revenues. Actual revenues were higher than the final budget amount due in large part to greater intergovernmental, rental and interest revenues than anticipated. Actual expenditures were less than the final budget amount. The School District made a conscious effort to keep expenditures below budgeted amounts. Savings were the greatest in regular instruction, operation and maintenance of plant, fiscal, and administration due to management taking cost cutting measures. The School District ended the fiscal year with an unencumbered fund balance of \$12,409,565, a decrease from fiscal year 2016 but higher than what was estimated.

The School District uses a modified site-based budget technique which is designed to tightly control site budgets while providing flexibility for site management. The School District prepares and monitors a detailed cashflow plan for the general fund annually. Actual cashflow is compared to monthly and year-to-date estimates, and a monthly report is prepared for top management and the Board of Education.

Capital Assets and Long-Term Obligations

Capital Assets

At the end of fiscal year 2017, the School District had, at cost, \$56,591,817 invested in land, buildings and improvements, furniture and equipment, and vehicles. That total carries an accumulated depreciation of \$38,406,915. Table 4 shows fiscal year 2017 balances compared to fiscal year 2016.

Table 4
 Capital Assets at June 30
 Governmental Activities

	2017	2016
Land	\$1,525,500	\$1,525,500
Buildings and Improvements	12,688,020	13,673,998
Furniture and Equipment	1,830,017	1,942,588
Vehicles	2,141,365	2,022,628
	\$18,184,902	\$19,164,714

In November of 2010, voters in the School District approved the renewal of a continuing one mill permanent improvement levy. This levy generates approximately \$475,000 a year, and coupled with reimbursements for lost levy proceeds in the amount of \$42,230, provides funds which are used exclusively for capital purchases. These funds are currently being used to finance several construction projects in 2017. The School District carries a relatively old physical plant and bus fleet. The buildings of the School District are well maintained and in good repair. In addition, approximately \$162,000 is transferred to the Capital Replacement Fund to be used for technology and furniture in the schools. For additional information on capital assets, see Note 12 of the notes to the basic financial statements.

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Long-Term Obligations

Table 5 summarizes the outstanding long-term obligations for fiscal year 2017 compared with fiscal year 2016.

Table 5
Outstanding Long-Term Obligations at June 30
Governmental Activities

	2017	2016
2012 Radio Equipment Acquisition Bonds	\$0	\$68,634
2006 Energy Conservation Improvement Bonds	1,151,610	1,411,699
Net Pension Liability	82,441,957	67,204,086
Compensated Absences	4,397,358	4,292,918
Totals	\$87,990,925	\$72,977,337

During 2012, the School District issued radio equipment acquisition bonds having an original face value of \$274,578, for the purpose of purchasing radio equipment to be used in the schools. These bonds were paid from the general fund.

Energy conservation bonds were issued for the purpose of improvements throughout the School District. These bonds will be paid from the general fund.

The School District's overall debt margin was \$59,202,880 with an unvoted debt margin of \$669,862. For additional information on long-term obligations, see Note 20 of the notes to the basic financial statements.

Current Financial Related Activities

As the preceding information shows, the School District is heavily dependent on property taxes. Property tax revenue does not increase solely as a result of inflation. Therefore, the School District must continue to monitor its revenues and expenses to ensure the public's confidence and support.

School Funding

The State funding formula for K-12 education in Ohio has changed several times in recent years. The current formula utilizes a different weighting formula taking into account both property and income wealth of school districts. The formula results in a large increase in State funding for the School District, however the State of Ohio is unable to fund the formula as designed. Therefore, the School District received a small increase over the previous years' funding. Changes continue to be made to the formula for reimbursing the School District for losses suffered due to the elimination of the Tangible Personal Property Tax. As a result the School District has experienced a measured decline in this source of funding. Consequently, all of the School District's financial abilities will be called upon to meet the challenges the future will bring. The School District's Board and management team continue to carefully and prudently plan in order to provide the resources required to meet the future needs of its students.

The Bedford City School District has committed itself to the highest standards of financial excellence for many years. The School District has received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting each year since 1997.

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Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Treasurer of Bedford City School District, 475 Northfield Road, Bedford, OH 44146.

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Bedford City School District

Statement of Net Position

June 30, 2017

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$18,175,614
Accounts Receivable	7,547
Intergovernmental Receivable	2,066,041
Inventory Held for Resale	22,384
Materials and Supplies Inventory	456,285
Revenue in Lieu of Taxes Receivable	149,041
Taxes Receivable	35,964,739
Nondepreciable Capital Assets	1,525,500
Depreciable Capital Assets	16,659,402
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<i>Total Assets</i>	75,026,553
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Deferred Outflows of Resources	
Pension	15,146,333
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Liabilities	
Accounts Payable	561,963
Contracts Payable	25,615
Accrued Wages and Benefits Payable	4,198,872
Intergovernmental Payable	944,786
Notes Payable	526,227
Matured Compensated Absences Payable	247,299
Accrued Interest Payable	34,367
Claims Payable	276,500
Long-Term Liabilities:	
Due Within One Year	1,966,297
Due in More Than One Year:	
Net Pension Liability (See Note 15)	82,441,957
Other Amounts	3,582,671
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<i>Total Liabilities</i>	94,806,554
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Deferred Inflows of Resources	
Property Taxes	26,666,892
Pension	269,791
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<i>Total Deferred Inflows of Resources</i>	26,936,683
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Net Position	
Net Investment in Capital Assets	16,507,065
Restricted for:	
Capital Projects	672,773
Debt Service	33,428
Food Service	924,794
Athletic Facilities	45,883
Other Purposes	80,181
Unrestricted (Deficit)	(49,834,475)
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<i>Total Net Position</i>	(\$31,570,351)
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See accompanying notes to the basic financial statements

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Bedford City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2017

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	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants Contributions and Interest	Capital Grants	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$21,928,310	\$1,727,450	\$10,059	\$0	(\$20,190,801)
Special	6,960,256	520,542	2,120,291	0	(4,319,423)
Vocational	878,619	58,476	295,357	0	(524,786)
Student Intervention Services	13,968	0	0	0	(13,968)
Support Services:					
Pupil	4,108,605	0	780,833	0	(3,327,772)
Instructional Staff	2,617,368	0	587,224	0	(2,030,144)
Board of Education	213,177	0	0	0	(213,177)
Administration	4,297,333	0	134,102	0	(4,163,231)
Fiscal	1,279,440	0	0	0	(1,279,440)
Business	776,122	74,749	7,445	0	(693,928)
Operation and Maintenance of Plant	7,057,531	0	0	39,293	(7,018,238)
Pupil Transportation	4,085,397	0	0	0	(4,085,397)
Central	143,369	0	2,018	0	(141,351)
Operation of Non-Instructional Services:					
Food Service Operations	1,904,457	488,531	1,421,335	0	5,409
Other Non-Instructional Services	200,868	0	140,362	0	(60,506)
Extracurricular Activities	1,103,957	255,297	10,476	0	(838,184)
Interest and Fiscal Charges	63,907	0	0	0	(63,907)
Total Governmental Activities	\$57,632,684	\$3,125,045	\$5,509,502	\$39,293	(48,958,844)
General Revenues					
Property Taxes Levied for:					
General Purposes					28,979,775
Capital Outlay					325,676
Grants and Entitlements not Restricted to Specific Programs					14,109,112
Unrestricted Contributions					6,008
Investment Earnings					132,124
Payments in Lieu of Taxes					243,908
Gain on Sale of Capital Assets					1,239
Miscellaneous					291,939
Total General Revenues					44,089,781
Change in Net Position					(4,869,063)
<i>Net Position Beginning of Year (Restated - See Note 23)</i>					<u>(26,701,288)</u>
<i>Net Position End of Year</i>					<u><u>(\$31,570,351)</u></u>

See accompanying notes to the basic financial statements

Bedford City School District

Balance Sheet

Governmental Funds

June 30, 2017

No assurance is provided on these financial statements.

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$14,452,263	\$3,723,351	\$18,175,614
Accounts Receivable	7,547	0	7,547
Intergovernmental Receivable	1,515,542	550,499	2,066,041
Inventory Held for Resale	0	22,384	22,384
Materials and Supplies Inventory	451,190	5,095	456,285
Interfund Receivable	1,866,920	0	1,866,920
Revenue in Lieu of Taxes Receivable	149,041	0	149,041
Taxes Receivable	35,440,704	524,035	35,964,739
<i>Total Assets</i>	<u>\$53,883,207</u>	<u>\$4,825,364</u>	<u>\$58,708,571</u>
Liabilities			
Accounts Payable	\$409,828	\$152,135	\$561,963
Contracts Payable	21,381	4,234	25,615
Accrued Wages and Benefits Payable	4,000,608	198,264	4,198,872
Intergovernmental Payable	878,829	65,957	944,786
Accrued Interest Payable	556	321	877
Interfund Payable	0	1,855,000	1,855,000
Notes Payable	333,659	192,568	526,227
Matured Compensated Absences Payable	203,619	43,680	247,299
<i>Total Liabilities</i>	<u>5,848,480</u>	<u>2,512,159</u>	<u>8,360,639</u>
Deferred Inflows of Resources			
Property Taxes	26,275,704	391,188	26,666,892
Unavailable Revenue	4,668,271	178,771	4,847,042
<i>Total Deferred Inflows of Resources</i>	<u>30,943,975</u>	<u>569,959</u>	<u>31,513,934</u>
Fund Balances			
Nonspendable	451,190	5,095	456,285
Restricted	21,631	1,664,313	1,685,944
Committed	237,619	150,806	388,425
Assigned	4,978,383	0	4,978,383
Unassigned (Deficit)	11,401,929	(76,968)	11,324,961
<i>Total Fund Balances</i>	<u>17,090,752</u>	<u>1,743,246</u>	<u>18,833,998</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$53,883,207</u>	<u>\$4,825,364</u>	<u>\$58,708,571</u>

See accompanying notes to the basic financial statements

Bedford City School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2017*

Total Governmental Funds Balances	\$18,833,998
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*Amounts reported for governmental activities in the
 statement of net position are different because*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	18,184,902
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Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:

Delinquent Property Taxes	4,352,209	
Tuition and Fees	14,059	
Payments in Lieu of Taxes	101,479	
Intergovernmental	379,295	
Total	4,847,042	4,847,042

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(33,490)
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The internal service funds are used by management to charge the costs of insurance and goods warehoused and distributed to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	(288,420)
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The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:

Deferred Outflows - Pension	15,146,333	
Deferred Inflows - Pension	(269,791)	
Net Pension Liability	(82,441,957)	
Total		(67,565,415)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

General Obligation Bonds	(1,151,610)	
Compensated Absences	(4,397,358)	
Total	(5,548,968)	(5,548,968)

<i>Net Position of Governmental Activities</i>	(\$31,570,351)
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See accompanying notes to the basic financial statements

No assurance is provided on these financial statements.

Bedford City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$28,736,253	\$321,913	\$29,058,166
Intergovernmental	16,051,961	3,914,504	19,966,465
Interest	132,124	19	132,143
Charges for Services	340	489,506	489,846
Tuition and Fees	2,292,409	0	2,292,409
Rentals	74,749	0	74,749
Extracurricular Activities	141,428	112,554	253,982
Contributions and Donations	6,008	21,906	27,914
Payments in Lieu of Taxes	142,429	0	142,429
Miscellaneous	290,931	1,008	291,939
<i>Total Revenues</i>	<u>47,868,632</u>	<u>4,861,410</u>	<u>52,730,042</u>
Expenditures			
Current:			
Instruction:			
Regular	20,177,000	9,953	20,186,953
Special	6,136,651	271,261	6,407,912
Vocational	686,777	133,356	820,133
Student Intervention Services	13,968	0	13,968
Support Services:			
Pupil	2,994,755	777,035	3,771,790
Instructional Staff	1,927,966	584,774	2,512,740
Board of Education	209,505	0	209,505
Administration	3,880,093	136,249	4,016,342
Fiscal	1,263,340	0	1,263,340
Business	604,130	10,000	614,130
Operation and Maintenance of Plant	6,123,975	0	6,123,975
Pupil Transportation	3,764,490	0	3,764,490
Central	191,069	1,990	193,059
Operation of Non-Instructional Services:			
Food Service Operations	0	1,881,488	1,881,488
Other Non-Instructional Services	6,553	151,867	158,420
Extracurricular Activities	720,779	230,093	950,872
Capital Outlay	4,511	319,482	323,993
Debt Service:			
Principal Retirement	328,723	0	328,723
Interest and Fiscal Charges	67,182	5,276	72,458
<i>Total Expenditures</i>	<u>49,101,467</u>	<u>4,512,824</u>	<u>53,614,291</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,232,835)</u>	<u>348,586</u>	<u>(884,249)</u>
Other Financing Sources (Uses)			
Sale of Capital Assets	13,630	0	13,630
Transfers In	838	415,296	416,134
Transfers Out	(544,530)	(1,604)	(546,134)
<i>Total Other Financing Sources (Uses)</i>	<u>(530,062)</u>	<u>413,692</u>	<u>(116,370)</u>
<i>Net Change in Fund Balances</i>	<u>(1,762,897)</u>	<u>762,278</u>	<u>(1,000,619)</u>
<i>Fund Balances Beginning of Year</i>	<u>18,853,649</u>	<u>980,968</u>	<u>19,834,617</u>
<i>Fund Balances End of Year</i>	<u>\$17,090,752</u>	<u>\$1,743,246</u>	<u>\$18,833,998</u>

See accompanying notes to the basic financial statements

No assurance is provided on these financial statements.

Bedford City School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2017*

Net Change in Fund Balances -Total Governmental Funds (\$1,000,619)

*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 as depreciation expense.

This is the amount by which depreciation exceeded capital outlay in the current period:

Capital Asset Additions	586,045	
Current Year Depreciation	<u>(1,553,466)</u>	
Total		(967,421)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (12,391)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Delinquent Property Taxes	247,285	
Tuition and Fees	14,059	
Payments in Lieu of Taxes	57,002	
Grants	<u>(286,006)</u>	
Total		32,340

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds an interest expenditure is reported when due. 8,551

Repayment of bond, loan and lease principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 328,723

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 4,001,402

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (6,646,752)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (104,440)

The internal service funds used by management to charge the costs of insurance to individual funds are not reported in the district-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund are allocated among the governmental activities. (508,456)

Change in Net Position of Governmental Activities (\$4,869,063)

See accompanying notes to the basic financial statements

No assurance is provided on these financial statements.

Bedford City School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$29,120,412	\$31,741,802	\$31,723,117	(\$18,685)
Intergovernmental	14,928,552	15,972,342	16,086,954	114,612
Interest	42,728	100,000	132,124	32,124
Charges for Services	0	0	728	728
Tuition and Fees	1,505,557	1,212,588	1,217,941	5,353
Rentals	28,586	32,000	62,029	30,029
Payments in Lieu of Taxes	94,867	94,867	94,867	0
Miscellaneous	119,953	133,810	138,336	4,526
<i>Total Revenues</i>	<u>45,840,655</u>	<u>49,287,409</u>	<u>49,456,096</u>	<u>168,687</u>
Expenditures				
Current:				
Instruction:				
Regular	21,953,933	21,238,688	20,895,667	343,021
Special	6,040,215	6,133,215	6,066,389	66,826
Vocational	664,573	715,562	687,128	28,434
Support Services:				
Pupil	3,221,844	3,162,111	3,082,902	79,209
Instructional Staff	1,933,585	2,032,912	1,908,921	123,991
Board of Education	271,788	306,843	239,432	67,411
Administration	4,550,674	4,532,291	4,164,529	367,762
Fiscal	1,837,261	1,740,375	1,338,896	401,479
Business	679,324	677,953	616,233	61,720
Operation and Maintenance of Plant	6,991,256	6,743,219	6,410,203	333,016
Pupil Transportation	3,803,315	4,224,502	4,089,686	134,816
Central	157,606	216,834	163,663	53,171
Extracurricular Activities	710,252	726,721	718,180	8,541
Capital Outlay	5,000	5,000	4,511	489
Debt Service:				
Principal Retirement	328,734	328,734	328,723	11
Interest and Fiscal Charges	59,036	59,036	58,992	44
<i>Total Expenditures</i>	<u>53,208,396</u>	<u>52,843,996</u>	<u>50,774,055</u>	<u>2,069,941</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(7,367,741)</u>	<u>(3,556,587)</u>	<u>(1,317,959)</u>	<u>2,238,628</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	13,630	13,630
Advances In	1,236,605	1,286,605	1,287,000	395
Advances Out	(1,242,000)	(1,990,000)	(1,990,000)	0
Transfers Out	(434,730)	(551,130)	(549,730)	1,400
<i>Total Other Financing Sources (Uses)</i>	<u>(440,125)</u>	<u>(1,254,525)</u>	<u>(1,239,100)</u>	<u>15,425</u>
<i>Net Change in Fund Balance</i>	<u>(7,807,866)</u>	<u>(4,811,112)</u>	<u>(2,557,059)</u>	<u>2,254,053</u>
<i>Fund Balance Beginning of Year</i>	12,934,328	12,934,328	12,934,328	0
Prior Year Encumbrances Appropriated	2,032,296	2,032,296	2,032,296	0
<i>Fund Balance End of Year</i>	<u>\$7,158,758</u>	<u>\$10,155,512</u>	<u>\$12,409,565</u>	<u>\$2,254,053</u>

See accompanying notes to the basic financial statements

No assurance is provided on these financial statements.

Bedford City School District

Statement of Net Position

Internal Service Funds

June 30, 2017

Assets	<u>\$0</u>
Liabilities	
Interfund Payable	11,920
Claims Payable	<u>276,500</u>
<i>Total Liabilities</i>	<u>288,420</u>
Net Position	
Unrestricted	<u><u>(\$288,420)</u></u>

See accompanying notes to the basic financial statements

No assurance is provided on these financial statements.

Bedford City School District
*Statement of Revenues, Expenses and
Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2017*

Operating Revenues	
Charges for Services	<u>\$4,846,572</u>
Operating Expenses	
Purchased Services	841,246
Claims	<u>4,643,782</u>
<i>Total Operating Expenses</i>	<u>5,485,028</u>
<i>Income (Loss) before Transfers</i>	(638,456)
Transfers In	<u>130,000</u>
<i>Change in Net Position</i>	(508,456)
<i>Net Position Beginning of Year</i>	<u>220,036</u>
<i>Net Position End of Year</i>	<u><u>(\$288,420)</u></u>

See accompanying notes to the basic financial statements

No assurance is provided on these financial statements.

Bedford City School District
Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2017

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

Cash Received from Interfund Services	\$4,846,572
Cash Payments for Purchased Services	(841,246)
Cash Payments for Claims	(4,596,582)
	(4,596,582)

<i>Net Cash Provided by (Used for) Operating Activities</i>	(591,256)
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**Cash Flows from Noncapital and
Related Financing Activities**

Advances In	11,920
Transfers In	130,000
	130,000

<i>Net Cash Provided by (Used for)</i> <i>Noncapital and Related Financing Activities</i>	141,920
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<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(449,336)
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<i>Cash and Cash Equivalents Beginning of Year</i>	449,336
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<i>Cash and Cash Equivalents End of Year</i>	\$0
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***Reconciliation of Operating Income (Loss) to Net
Cash Provided by (Used for) Operating Activities***

Operating Income (Loss)	(\$638,456)
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Adjustments

Increase (Decrease) in Claims Payable	47,200
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<i>Net Cash Provided by (Used for) Operating Activities</i>	(\$591,256)
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See accompanying notes to the basic financial statements

No assurance is provided on these financial statements.

Bedford City School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$61,168	\$49,635
Liabilities		
Due to Students	0	\$49,635
Net Position		
Held in Trust for Scholarships	\$61,168	

See accompanying notes to the basic financial statements

No assurance is provided on these financial statements.

Bedford City School District
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2017

	Scholarship
Additions	
Interest	\$369
Miscellaneous	12,820
<i>Total Additions</i>	13,189
Deductions	
Scholarships Awarded	33,930
<i>Change in Net Position</i>	(20,741)
<i>Net Position Beginning of Year</i>	81,909
<i>Net Position End of Year</i>	\$61,168

See accompanying notes to the basic financial statements

No assurance is provided on these financial statements.

Bedford City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 1 - Description of the School District and Reporting Entity

Bedford City School District (the School District) is a city school district as defined by Section 3311.02 of the Ohio Revised Code. The School District provides education to 3,161 students in grades K through 12. The School District also provides preschool education to 47 handicapped and 42 regular education students. The School District is located in northeast Ohio, covers approximately 25 square miles and includes the City of Bedford, most of the City of Bedford Heights, and the Villages of Walton Hills and Oakwood. The operation of the School District is governed by an elected five-member Board of Education.

Reporting Entity

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

Nonpublic Schools - Within the School District boundaries, there is one nonpublic school, Safely Home. Current State legislation provides funding to this non-public school. These monies are received and disbursed by the School District on behalf of the non-public school by the Treasurer of the School District, as directed by the non-public school. These transactions are reported in a special revenue fund and as a governmental activity of the School District.

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

The School District participates in an insurance purchasing pool and two jointly governed organizations. These organizations are the Ohio School Boards Association Workers' Compensation Group Retrospective Rating Program, Connect and Ohio Schools Council Association. These organizations are presented in Notes 17 and 21 of the notes to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

No assurance is provided on these financial statements.

Bedford City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service funds is eliminated to avoid "doubling up" revenues and expenses. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however has no business-type activities.

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

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

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The funds of the School District are divided into three categories: governmental, proprietary and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following is the School District's only major governmental fund:

General Fund The general fund is the operating fund of the School District and is used to account for and report all financial resources except those required to be accounted for and reported in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

No assurance is provided on these financial statements.

Bedford City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

The other governmental funds of the School District account for grants and other resources whose use is restricted, committed or assigned to a particular purpose.

Proprietary Fund Type Proprietary funds focus on the determination of operating income, changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The School District only has one internal service fund.

Internal Service Funds The internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District utilizes one internal service fund to account for the operation of the School District's self insurance program for hospitalization/medical benefits, dental and prescription benefits.

Fiduciary Fund Type Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's only trust fund is a private purpose trust which accounts for a college scholarship donations for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has two agency funds, the student activities fund that reports resources belonging to the student bodies of the various schools and the district agency fund that reports Ohio High School Athletic Association tournament monies.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

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

Like the government-wide statements, the internal service funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its internal service funds activity.

The private purpose trust fund is reported using the economic resources measurement focus.

No assurance is provided on these financial statements.

Bedford City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Basis of Accounting

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

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 8). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, payments in lieu of taxes, tuition, grants, and fees.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 15.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, delinquent payments in lieu of taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 19. Deferred inflows of resources related to pension are reported on the government-wide statement of net position (See Note 15).

No assurance is provided on these financial statements.

Bedford City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

Pensions

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

Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds; however, the budgets are monitored on a daily basis at the object account level within a function and fund. The Treasurer has been given the authority to allocate appropriations to the function and object levels within each fund.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate in effect when the final appropriations were passed by the Board of Education.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues by fund. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "equity in pooled cash and cash equivalents."

During fiscal year 2017, the School District's investments were limited to STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which

No assurance is provided on these financial statements.

Bedford City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2017 amounted to \$132,124, which includes \$27,396 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption and donated and purchased food held for resale.

Capital Assets

All capital assets of the School District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. They are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of three thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Buildings and Improvements	10 - 30 years
Furniture and Equipment	10 - 20 years
Vehicles	12 years

No assurance is provided on these financial statements.

Bedford City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." Interfund loans which do not represent available expendable resources are offset by a component of fund balance. These amounts are eliminated in the governmental activity column of the statement of net position.

Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

On the financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employee who has accumulated unpaid leave will be paid.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and all payables, accrued liabilities and long-term obligations payable from the internal service funds are reported on the internal service fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences and net pension liability that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and capital leases are recognized as a liability on the fund financial statements when due.

Internal Activity

Transfers between governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

No assurance is provided on these financial statements.

Bedford City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Fund Balance Classifications

Fund balance is divided into five classifications based primarily on the extent to which the School is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by the highest level formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education, delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balance purchases on order provided such amounts have been lawfully appropriated. The Board of Education assigned fund balance for recreation, public school support, special enterprise projects, summer school and fiscal year 2018 operations.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for auxiliary services, vocational education and support services.

No assurance is provided on these financial statements.

Bedford City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for the self-insurance program and the computer network services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All revenues and expenses not meeting these definitions are reported as non-operating.

Estimates

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

Note 3 –Accountability

At June 30, 2017, the following funds had deficit fund balances:

	<u>Amount</u>
Special Revenue Funds:	
Public School Preschool	\$2,911
Title VI-B	4,890
Vocational Education	1,860
Title III	615
Title I	54,340
Preschool Handicapped	2,134
Title VI-R	10,218

The deficits are due to adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides transfers when cash is required, rather than when accruals occur.

Note 4 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of resources in the governmental funds. The constraints placed on fund balance for the major governmental fund and all other governmental funds are presented below:

No assurance is provided on these financial statements.

Bedford City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

No assurance is provided on these financial statements.

Fund Balances	General	Other Governmental Funds	Total
<i>Nonspendable</i>			
Inventory	\$451,190	\$5,095	\$456,285
<i>Restricted for</i>			
Food Service	0	987,780	987,780
Technology Improvements	0	69,631	69,631
Athletics	0	45,883	45,883
Community Involvement	21,631	0	21,631
Non-Public Schools	0	2,086	2,086
Debt Service Payments	0	66,918	66,918
Capital Improvements	0	492,015	492,015
<i>Total Restricted</i>	21,631	1,664,313	1,685,944
<i>Committed to</i>			
Educational Services	231,155	0	231,155
Health Services	6,464	0	6,464
Capital Improvements	0	150,806	150,806
<i>Total Committed</i>	237,619	150,806	388,425
<i>Assigned to</i>			
Recreation	8,482	0	8,482
Public School Support	144,473	0	144,473
Special Enterprise	76,100	0	76,100
Summer School	9,156	0	9,156
Fiscal Year 2018 Operations	3,497,617	0	3,497,617
Purchases on Order			
Instruction	360,362	0	360,362
Support Services	882,193	0	882,193
<i>Total Assigned</i>	4,978,383	0	4,978,383
<i>Unassigned (Deficit)</i>	11,401,929	(76,968)	11,324,961
<i>Total Fund Balances</i>	\$17,090,752	\$1,743,246	\$18,833,998

Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

Bedford City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).
4. Unrecorded cash represents amounts received but not reported by the School District on the operating statements (budget), but which is reported on the GAAP basis operating statements.
5. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis)
6. Budgetary revenues and expenditures of the public school support, special enterprise and summer school funds are classified to the general fund for GAAP Reporting.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund.

Net Change in Fund Balance	
GAAP Basis	(\$1,762,897)
Net Adjustment for Revenue Accruals	1,770,615
Advances In	1,287,000
Net Adjustment for Expenditure Accruals	(39,272)
Advances Out	(1,990,000)
Beginning Unrecorded Cash	(3,650)
Ending Unrecorded Cash	1,713
Perspective Difference:	
Public School Support	(20,460)
Special Enterprise	(12,800)
Summer School	6,508
Adjustment for Encumbrances	(1,793,816)
Budget Basis	<u><u>(\$2,557,059)</u></u>

Note 6 - Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

No assurance is provided on these financial statements.

Bedford City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year-end, \$576,075 of the School District's bank balance of \$929,782 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State. Financial institutions can elect to participate in the OPCS and will collateralize at one hundred two percent or a rate set by the Treasurer of State. Financial institution opting not to participate in OPCS will collateralize utilizing the specific pledge method at one hundred five percent.

Investments

As of June 30, 2017, the School District's only investment was in STAR Ohio, which is measured at net asset value per share.

No assurance is provided on these financial statements.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

-Interest Rate Risk. As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District's investment portfolio be structured so that the securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity. To date, no investments have been purchased with a life greater than two years.

Credit Risk. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

Note 7 - Receivables

Receivables at June 30, 2017, consisted of taxes, accounts (student fees and tuition), payments in lieu of taxes, interfund, School Employees Retirement System overpayment and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of principal items of intergovernmental receivables follows:

Governmental Activities	Amount
Foundation Adjustments	\$1,100,304
School Employees Retirement System	257,213
Title I Grants and Subsidies	245,983
Title VI-B Grants and Subsidies	202,333
Bureau of Workers' Compensation Refund	147,566
Vocational Education Grants and Subsidies	40,272
Public School Preschool Grants and Subsidies	24,349
Title VI-R Grants and Subsidies	21,883
Preschool Handicapped Grants and Subsidies	11,831
Motor Fuel Tax Refund	5,045
Title III Grants and Subsidies	3,498
Orange City Schools	2,822
Village of Oakwood	2,592
Garfield Heights City School District	350
Total	\$2,066,041

Note 8 - Property Taxes

Property taxes are levied and assessed on a calendar year basis, while the School District's fiscal year runs from July through June. First-half tax distributions are received by the School District in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following fiscal year.

No assurance is provided on these financial statements.

Bedford City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

No assurance is provided on these financial statements.

Property taxes include amounts levied against all real property and public utility property located in the School District. Real property tax revenues received in calendar year 2017 represents collections of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed value listed as of January 1, 2016, the lien date. Assessed values for real property are established by State law at thirty-five percent of appraised market value. Real property are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2017 represents collections of calendar year 2016 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 become a lien December 31, 2015, were levied after April 1, 2016 and are collected in 2017 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Cuyahoga County. The County Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2017, are available to finance fiscal year 2017 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2017 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations are reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The amount available as an advance at June 30, 2017 was \$4,874,595 in the general fund and \$71,043 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2016, was \$7,951,694 in the general fund and \$115,813 in the permanent improvement capital projects fund. The difference was in timing and collection by the County Fiscal Officer.

The assessed values upon which the fiscal year 2017 taxes were collected are:

	2016 Second Half Collections		2017 First Half Collections	
	Amount	Percent	Amount	Percent
Residential/Agricultural	\$349,512,680	52.73 %	\$349,003,880	52.06 %
Other Real Estate	262,252,180	39.57	258,758,450	38.60
Public Utility Personal	51,032,600	7.70	62,613,050	9.34
Total	\$662,797,460	100.00 %	\$670,375,380	100.00 %
Tax rate per \$1,000 of assessed valuation	\$75.72		\$75.72	

Bedford City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 9 – Tax Abatements

School District property taxes were reduced as follows under Community Reinvestment Area (CRA) agreements entered into by overlapping governments:

Overlapping Government	Amount of Fiscal Year 2017 Taxes Abated
<i>Community Reinvestment Areas:</i>	
City of Bedford	\$185,488
City of Bedford Heights	13,151
Village of Oakwood	430,733

Pursuant to Section 5709.82 of the Ohio Revised Code, the overlapping governments and the Bedford City School District created various CRA compensation agreements. The following are the required amounts of income tax dollars received by the School District in fiscal year 2017:

Overlapping Government	Fiscal Year 2017 Income Tax Dollars Received
City of Bedford	\$33,514
Village of Oakwood	101,479
Total	\$134,993

Note 10 - Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to twenty days of vacation per year, depending upon length of service and hours worked. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time. Each employee earns sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 275 days for non-certificated, 260 days for certificated employees (unless in their final year of employment before retirement), 370 days for administrators and administrative assistants hired before July 1, 2016 and 340 days for administrative assistants hired after July 1, 2016. Upon retirement or termination after 25 years of consecutive service (or attaining age 52 and 20 years of consecutive service), payment is made for up to 40 days for certificated employees, 55 days for administrators and 30 days for administrative assistants, plus one-tenth of the days remaining. The maximum number of days to be paid out is 63.5 days for certificated staff, 86.5 days for administrators, 64 days for administrative assistants hired before July 1, 2016 and 61 days for administrative assistants hired after July 1, 2016. The non-certificated employees' payment is calculated using one-fourth of the days unless the employee has accumulated 90 percent or more of their maximum number of days in which case the calculation is made at 30 percent for a maximum of 82.5 days. For purposes of retirement, the employee receiving such payment must meet the eligibility requirement provisions set by STRS or SERS.

No assurance is provided on these financial statements.

Bedford City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 11 - Interfund Transfers and Balances

Interfund Transfers

The general fund transferred \$118,900 to the district managed student activities special revenue fund to provide financial support for the School District's athletics, \$133,430 to the permanent improvement capital projects fund to help fund capital improvements, \$162,200 to the capital replacement capital projects fund for bus purchases and \$130,000 to the self-insurance internal service fund to provide financial support for the School District's insurance expenses. The bond retirement debt service fund transferred \$838 to the general fund, \$581 to the permanent improvement capital projects fund and \$185 to the capital replacement fund to pay for the respective funds' portions of the tax anticipation note payments.

Interfund Balances

Interfund balances at June 30, 2017, consist of the following individual fund receivables and payables:

Interfund Payable	Interfund Receivable
Other Governmental Funds	General
Auxiliary Services	\$500
Public School Preschool	25,000
Title VI-B	350,000
Vocational Education	66,000
Title III	15,500
Title I	850,000
Preschool Handicapped	51,000
Title VI-R	77,000
Building	420,000
<i>Total Other Governmental Funds</i>	1,855,000
Internal Service Fund	11,920
Grand Total	\$1,866,920

The interfund receivables and payables are advances due to the timing of the receipt of grant monies and other monies collected for some programs received by various funds. The general fund provides money to operate the programs until grants and other monies are received and the advances can be repaid. These advances are expected to be repaid within the next fiscal year.

No assurance is provided on these financial statements.

Bedford City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 12 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Balance 6/30/16	Additions	Deletions	Balance 6/30/17
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$1,525,500	\$0	\$0	\$1,525,500
Construction in Progress	0	0	0	0
Total Capital Assets, not being depreciated	1,525,500	0	0	1,525,500
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	42,896,514	47,210	0	42,943,724
Furniture and Equipment	6,465,299	153,960	(46,203)	6,573,056
Vehicles	5,291,511	384,875	(126,849)	5,549,537
Total Capital Assets, being depreciated	54,653,324	586,045	(173,052)	55,066,317
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(29,222,516)	(1,033,188)	0	(30,255,704)
Furniture and Equipment	(4,522,711)	(258,163)	37,835	(4,743,039)
Vehicles	(3,268,883)	(262,115)	122,826	(3,408,172)
Total Accumulated Depreciation	(37,014,110)	(1,553,466) *	160,661	(38,406,915)
Total Capital Assets, being depreciated, net	17,639,214	(967,421)	(12,391)	16,659,402
Governmental Activities Capital Assets, Net	\$19,164,714	(\$967,421)	(\$12,391)	\$18,184,902

* Depreciation expense was charged to governmental functions as follows:

Instruction	
Regular	\$268,046
Special	1,504
Vocational	12,611
Support Services	
Pupil	1,709
Instructional Staff	9,950
Administration	500
Business	149,027
Operation and Maintenance of Plant	683,867
Pupil Transportation	234,672
Central	470
Operation of Non-Instructional Services:	
Food Service Operations	17,849
Other Non-Instructional Services	40,015
Extracurricular Activities	133,246
Total Depreciation Expense	\$1,553,466

No assurance is provided on these financial statements.

Bedford City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 13 - Contingencies

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2017, if applicable, cannot be determined at this time.

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2017 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2017 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

Litigation

The School District is a party to legal proceedings. The School District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

Note 14 - Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2017, the School District contracted for property and general liability insurance, and boiler and machinery coverage through the Ohio Schools Council Association Group Purchasing Consortium. The Netherlands Insurance Company (member of Liberty Mutual Group) is the carrier for the School District's insurance.

Aggregate property coverage is \$151,829,766 with a \$5,000 deductible. Aggregate boiler and machinery coverage is approximately \$100 million with a \$1,000 deductible. The policy is renewable on July 1, 2018, for each coverage. Casualty and fleet insurance coverage was provided with a combined single limit of \$1 million. Education and umbrella liability insurance coverage was provided with a combined single limit of \$9 million each occurrence and combined aggregate of \$9 million. The Treasurer is covered by a \$100,000 surety bond and the Superintendent, Board of Education President, and Business Manager are covered by \$50,000 position bonds.

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in coverage from last year.

Worker's Compensation

For fiscal year 2017, the School District participated in the Ohio School Boards Association Workers' Compensation Group Retrospective Rating Program, an insurance purchasing pool (Note 17). The intent of the Group Rating Program, (GRP) is to achieve the benefit of a reduced premium for the School District by

No assurance is provided on these financial statements.

Bedford City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

Employee Benefits

The School District has elected to provide employee hospitalization/medical benefits and prescription drug benefits to full time employees through a self-insurance program as of January 1, 2013. Full time is defined as the full 186 day academic year, or 1,700 hours for non-certificated employees. Employees working shorter calendars pay a prorated portion of the health care premiums. The School District maintains a self-insurance internal service fund to account for and finance its uninsured risk of loss in the hospitalization and drug programs. There is no limitation on prescription drug benefits.

A third party administrator, Cigna, reviews and pays all claims. The School District pays the following monthly premium into the self-funded benefits fund, which represents 88 percent of the premium required. In 2017 three different plans were offered through Cigna. The premiums charged were different for each plan. The School District rates for the most popular plan design were as follows: Hospitalization - \$487 (single), \$1,339 (family). These premiums are paid by the fund that pays the salary for each employee and is based on historical cost information. Stop-loss coverage has been purchased for medical claims at \$100,000 per individual employee, and in aggregate of 125 percent of expected claims for the School District.

Dental benefits are provided with a fully-insured program and claims are limited to \$2,500 per covered individual per year, with a lifetime limit of \$1,000 on orthodontia. Medical Mutual is also available as a fully-insured health and prescription option. The premiums were \$443.80 (single) and \$1,221.20 (family).

The claims liability of \$276,500 reported in the self insurance fund at June 30, 2017, is based on an estimate provided by the Treasurer and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability amount for the last two years follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2016	\$285,700	\$4,422,187	\$4,478,587	\$229,300
2017	229,300	4,643,782	4,596,582	276,500

No assurance is provided on these financial statements.

Note 15 – Defined Benefit Pension Plans

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School District’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the School District’s obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

No assurance is provided on these financial statements.

Bedford City School District
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	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The School District's contractually required contribution to SERS was \$1,197,574 for fiscal year 2017. Of this amount \$68,817 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

No assurance is provided on these financial statements.

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Notes to the Basic Financial Statements
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The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The statutory member contribution rate was increased one percent to 14 percent on July 1, 2016. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$2,803,828 for fiscal year 2017. Of this amount \$442,339 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

No assurance is provided on these financial statements.

Bedford City School District
Notes to the Basic Financial Statements
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	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.27142040%	0.18712752%	
Proportion of the Net Pension Liability Current Measurement Date	0.26957880%	0.18734875%	
Change in Proportionate Share	-0.00184160%	0.00022123%	
Proportionate Share of the Net Pension Liability	\$19,730,682	\$62,711,275	\$82,441,957
Pension Expense	\$1,953,258	\$4,693,494	\$6,646,752

At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$266,121	\$2,533,837	\$2,799,958
Changes of assumptions	1,317,131	0	1,317,131
Net difference between projected and actual earnings on pension plan investments	1,627,495	5,206,720	6,834,215
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	0	193,627	193,627
School District contributions subsequent to the measurement date	1,197,574	2,803,828	4,001,402
Total Deferred Outflows of Resources	\$4,408,321	\$10,738,012	\$15,146,333
Deferred Inflows of Resources			
Changes in proportionate share and Difference between School District contributions and proportionate share of contributions	\$217,945	\$51,846	\$269,791

\$4,001,402 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2018	\$704,681	\$1,277,144	\$1,981,825
2019	703,509	1,277,145	1,980,654
2020	1,116,774	3,275,108	4,391,882
2021	467,838	2,052,941	2,520,779
Total	\$2,992,802	\$7,882,338	\$10,875,140

No assurance is provided on these financial statements.

Bedford City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, compared with June 30, 2015, are presented below:

	June 30, 2016	June 30, 2015
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
COLA or Ad Hoc COLA	3 percent	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal	Entry Age Normal

For 2016, the mortality assumptions are that mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. For 2015, the mortality assumptions were based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

No assurance is provided on these financial statements.

Bedford City School District
Notes to the Basic Financial Statements
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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. A discount rate of 7.75 percent was used in the prior measurement period. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$26,122,192	\$19,730,682	\$14,380,720

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.75 percent, net of investment expenses, including inflation
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set back two years through age 89 and no set back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

No assurance is provided on these financial statements.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return *</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	<u>100.00 %</u>	<u>7.61 %</u>

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.5 percent, and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions of future plan members, are excluded. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
School District's proportionate share of the net pension liability	\$83,338,187	\$62,711,275	\$45,311,257

No assurance is provided on these financial statements.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Changes between Measurement Date and Report Date

In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to School District's NPL is expected to be significant.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2017, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

Note 16 - Postemployment Benefits

School Employees Retirement System

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrator and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2017, no allocation of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2017, this amount was \$23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the School District's surcharge obligation was \$118,334.

No assurance is provided on these financial statements.

Bedford City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contributions for health care for the fiscal years ended June 30, 2017, 2016 and 2015 were \$118,334, \$121,391 and \$178,291, respectively. The full amount has been contributed for fiscal years 2016 and 2015.

State Teachers Retirement System

Plan Description – The State Teachers Retirement System of Ohio (STRS Ohio) administers a cost-sharing multiple-employer defined benefit Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For the fiscal years ended June 30, 2017, June 30, 2016 and June 30, 2015, STRS Ohio did not allocate any employer contributions to post-employment health care.

Note 17 - Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Retrospective Rating Program - The School District participates in the Ohio School Boards Association Workers' Compensation Group Retrospective Rating Program, an insurance purchasing pool. The group's business and affairs are conducted by a three member Board of Directors consisting of the President, the President Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the OSBA to cover the costs of administering the program.

Note 18 - Set Asides

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years.

The following cash basis information describes the change in the fiscal year end set aside amounts for capital acquisition. Disclosure of this information is required by State statute.

No assurance is provided on these financial statements.

Bedford City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

	Capital Improvement
Set-aside Balances as of June 30, 2016	\$0
Current Year Set-aside Requirement	572,324
Current Year Offsets	(310,712)
Qualifying Disbursements	(1,352,712)
Totals	(\$1,091,100)
Set-aside Balance Carried Forward to Future Fiscal Years	\$0
Set-aside Balances as of June 30, 2017	\$0

While the current year offsets and qualifying disbursements during the fiscal year reduced the capital improvement set-aside amount to below zero, this amount may not be used to reduce the set-aside requirements of future fiscal years.

Note 19 – Notes Payable

The School’s note activity, including amounts outstanding and interest rates is as follows:

	Outstanding 6/30/2016	Issued	Retired	Outstanding 6/30/2017
Governmental Activities				
Tax Anticipation Notes, Series 2014	\$178,454	\$0	(\$59,500)	\$118,954
Tax Anticipation Notes, Series 2016	508,273	0	(101,000)	407,273
Total Governmental Activities	\$686,727	\$0	(\$160,500)	\$526,227

In fiscal year 2014, the School District issued \$297,454 in tax anticipation notes for capital projects. The notes will be paid from the permanent improvement capital projects fund.

In fiscal year 2016, the School District issued \$609,273 in tax anticipation notes for capital projects. The notes will be paid from the general fund and the capital replacement capital projects fund. Principal and interest payments to retire the tax anticipation notes are as follows:

	Principal	Interest	Total
2018	\$160,500	\$10,526	\$171,026
2019	161,454	7,315	168,769
2020	102,000	4,086	106,086
2021	102,273	2,045	104,318
Total	\$526,227	\$23,972	\$550,199

All notes are backed by the full faith and credit of the School. The note liability is reflected in the fund which received the proceeds and will repay the debt.

No assurance is provided on these financial statements.

Bedford City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 20 - Long Term Obligations

The original issue date, interest rate, original issue amount and date of maturity of each of the School District's long-term obligations follows:

Debt Issue	Original Issue Date	Original Issue Amount	Interest Rate	Date of Maturity
General Obligation Bonds:				
Radio Equipment Acquisition Bond	2013	\$274,578	1.50%	July 15, 2016
Energy Conservation Improvement Bonds	2006	3,562,114	4.11%	October 15, 2020

The changes in the School District's long-term obligations during the year consist of the following:

	Principal Outstanding 6/30/16	Additions	(Reductions)	Principal Outstanding 6/30/17	Amount Due in One Year
Governmental Activities:					
General Obligation Bonds:					
Radio Equipment Acquisition Bonds	\$68,634	\$0	(\$68,634)	\$0	\$0
Energy Conservation Improvement Bonds	1,411,699	0	(260,089)	1,151,610	270,767
<i>Total General Obligation Bonds</i>	<u>1,480,333</u>	<u>0</u>	<u>(328,723)</u>	<u>1,151,610</u>	<u>270,767</u>
Other Long Term Obligations:					
Net Pension Liability:					
STRS	51,716,575	10,994,700	0	62,711,275	0
SERS	15,487,511	4,243,171	0	19,730,682	0
Total Net Pension Liability	67,204,086	15,237,871	0	82,441,957	0
Compensated Absences	4,292,918	1,802,780	(1,698,340)	4,397,358	1,695,530
<i>Total Other Long Term Obligation</i>	<u>71,497,004</u>	<u>17,040,651</u>	<u>(1,698,340)</u>	<u>86,839,315</u>	<u>1,695,530</u>
Total Governmental Activities	<u>\$72,977,337</u>	<u>\$17,040,651</u>	<u>(\$2,027,063)</u>	<u>\$87,990,925</u>	<u>\$1,966,297</u>

Energy conservation improvement bonds were issued for the purpose of improvements throughout the School District. These bonds will be paid from the general fund.

The School District pays obligations related to employee compensation from the fund benefitting from their service. Compensated absences are paid from the general fund, the food service, title VI-B, title I and title VI-R special revenue funds. There is no repayment schedule for the net pension liability. However, employer pension contributions are made from the general fund and the food service, district managed student activities, public school preschool, title VI-B and title I special revenue funds. See Note 15 for additional information related to the net pension liability.

In October 2012, the School District issued radio equipment acquisition bonds having an original face value of \$274,578, for the purpose of acquiring radio communications equipment. These bonds were paid from the building capital projects fund.

No assurance is provided on these financial statements.

Bedford City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

The overall debt margin of the School District as of June 30, 2017, was \$59,202,880 with an unvoted debt margin of \$669,862. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2017, are as follows:

	Energy Conservation	
	Improvement Bonds	
	Principal	Interest
2018	\$270,767	\$47,280
2019	281,883	36,164
2020	293,456	24,591
2021	305,504	12,543
Total	<u>\$1,151,610</u>	<u>\$120,578</u>

Note 21 - Jointly Governed Organizations

Connect

North Coast Council, which became Connect effective April 1, 2016, is a jointly governed organization comprised of twenty-four member school districts, three educational service centers and the Ohio Schools Council. The jointly governed organization was formed for the purpose of providing support and leadership which enables organizations to achieve their objectives through innovative and cost effective shared technology solutions. Connect is governed by a four member Board of Directors consisting of the Superintendent of the Educational Service Center of Cuyahoga County, the Superintendent of the Educational Service Center of Lorain County, the Superintendent of the Educational Service Center of Medina County and the Executive Director of the Ohio Schools Council. Each participating entity's contribution to Connect is dependent upon student enrollment and/or software packages and services utilized. Financial information for Connect can be obtained by contacting the Treasurer at the Cuyahoga County Educational Service Center, which serves as fiscal agent. During fiscal year 2017, the School District contributed \$99,748 to Connect.

Ohio Schools Council Association

The Ohio Schools Council Association (Council) is a jointly governed organization among 231 school districts. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board meets monthly from September through June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. The degree of control exercised by any participant is limited to its representation on the Governing Board. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. In fiscal year 2017, the School District paid \$788 to the Council. Financial information can be obtained by contacting William J. Zelei, the Executive Director of the Ohio Schools' Council at 6393 Oak Tree Blvd, Suite 377, Independence, Ohio 44131.

No assurance is provided on these financial statements.

Bedford City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

The School District participates in the natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Constellation New Energy, formerly known as Compass Energy, serves as the new supplier and program manager for the period from April 1, 2016 through March 31, 2019. There are currently 157 participants in the program. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

The School District also participates in the Council's current electric purchase program. The Power 4 Schools Program provides a fixed price rate for electricity supplied by First Energy Solutions of \$0.0518 per kwh for the generation of electricity. There are currently 267 participants in the program including the School District. School districts are not charged a fee by OSC to participate in this program. School districts pay the utility (Ohio Edison, Toledo Edison or Cleveland Electric Illuminating Co.) directly and receive a discount for the fixed price of generation.

Note 22 – Significant Commitments

Contractual Commitments

As of June 30, 2017, the School District had the following contractual construction commitments outstanding:

Vendor Name	Contract Amount	Amount Paid To Date	Remaining Contract
FieldTurf - High School Stadium Turf	\$416,867	\$0	\$416,867
Partners Environmental - Administration Air Conditioning	5,745	0	5,745
Pioneer Environmental - Administration Air Conditioning	7,350	0	7,350
Smith & Oby Service - Administration Air Conditioning	72,755	0	72,755
Laketec Communications, Inc. - Network Infrastructure Equipment	75,000	0	75,000
Total	<u>\$577,717</u>	<u>\$0</u>	<u>\$577,717</u>

Remaining commitment amounts were encumbered at year end.

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General	\$1,793,816
Other Governmental Funds	856,699
Internal Service	583
Total	<u>\$2,651,098</u>

No assurance is provided on these financial statements.

Bedford City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 23 – Change in Accounting Principle and Restatement of Net Position

Change in Accounting Principle

For fiscal year 2017, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*. GASB Statement No. 77 requires disclosure of information about the nature and magnitude of tax abatements. These changes were incorporated in the School District's 2017 financial statements; however, there was no effect on beginning net position/fund balance.

The School District also implemented GASB's *Implementation Guide No. 2016-1*. These changes were incorporated in the School District's fiscal year 2017 financial statements; however, there was no effect on beginning net position/fund balance.

Restatement of Prior Year's Net Position

During fiscal year 2016, the School District's compensated absences liability was understated. The restatement of compensated absences payable had the following effect on net position as reported at June 30, 2016:

	<u>Governmental Activities</u>
Net Position June 30, 2016	(\$26,452,823)
Adjustment:	
Compensated Absences Payable	<u>(248,465)</u>
Restated Net Position June 30, 2016	<u><u>(\$26,701,288)</u></u>

No assurance is provided on these financial statements.

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Required Supplementary Information

Bedford City School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the
Net Pension Liability
School Employees Retirement System of Ohio
*Last Four Fiscal Years (1) **

	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.26957880%	0.27142040%	0.27752900%	0.27752900%
School District's Proportionate Share of the Net Pension Liability	\$19,730,682	\$15,487,511	\$14,045,584	\$16,503,759
School District's Covered Payroll	\$8,825,571	\$8,203,703	\$8,159,191	\$7,988,321
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	223.56%	188.79%	172.14%	206.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

No assurance is provided on these financial statements.

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

* Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

Bedford City School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the
Net Pension Liability
State Teachers Retirement System of Ohio
*Last Four Fiscal Years (1) **

	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.18734875%	0.18712752%	0.18588748%	0.18588748%
School District's Proportionate Share of the Net Pension Liability	\$62,711,275	\$51,716,575	\$45,214,269	\$53,858,941
School District's Covered Payroll	\$19,176,686	\$19,570,471	\$19,579,221	\$19,212,138
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	327.02%	264.26%	230.93%	280.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

* Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

No assurance is provided on these financial statements.

Bedford City School District, Ohio
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2017	2016	2015	2014
Contractually Required Contribution	\$1,197,574	\$1,235,580	\$1,081,248	\$1,130,864
Contributions in Relation to the Contractually Required Contribution	<u>(1,197,574)</u>	<u>(1,235,580)</u>	<u>(1,081,248)</u>	<u>(1,130,864)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$8,554,100	\$8,825,571	\$8,203,703	\$8,159,191
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.18%	13.86%

No assurance is provided on these financial statements.

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<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$1,105,584	\$1,083,749	\$1,014,939	\$764,140	\$844,270	\$830,814
<u>(1,105,584)</u>	<u>(1,083,749)</u>	<u>(1,014,939)</u>	<u>(764,140)</u>	<u>(844,270)</u>	<u>(830,814)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,988,321	\$8,057,614	\$8,074,293	\$5,643,576	\$8,579,978	\$8,460,426
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

Bedford City School District, Ohio
Required Supplementary Information
Schedule of the School District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$2,803,828	\$2,684,736	\$2,739,866	\$2,545,299
Contributions in Relation to the Contractually Required Contribution	<u>(2,803,828)</u>	<u>(2,684,736)</u>	<u>(2,739,866)</u>	<u>(2,545,299)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$20,027,343	\$19,176,686	\$19,570,471	\$19,579,223
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.00%

No assurance is provided on these financial statements.

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<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$2,497,578	\$2,460,983	\$2,469,571	\$2,518,241	\$2,621,381	\$2,438,865
<u>(2,497,578)</u>	<u>(2,460,983)</u>	<u>(2,469,571)</u>	<u>(2,518,241)</u>	<u>(2,621,381)</u>	<u>(2,438,865)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$19,212,138	\$18,930,638	\$18,996,700	\$19,371,085	\$20,164,469	\$18,760,500
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Bedford City School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2017

Changes in Assumptions - SERS

Amounts reported for fiscal year 2017 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 and prior are presented below:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Amounts reported for fiscal year 2017 use mortality assumptions with mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

No assurance is provided on these financial statements.