



OHIO AUDITOR OF STATE
KEITH FABER



**BEDFORD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY
JUNE 30, 2023**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet	
Governmental Funds	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Fund	19
Statement of Fund Net Position	
Proprietary Fund	20
Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Fund	21
Statement of Cash Flows	
Proprietary Fund	22
Statement of Fiduciary Net Position	
Fiduciary Funds	23
Statement of Changes in Fiduciary Net Position Fiduciary Funds	24
Notes to the Basic Financial Statements	25

**BEDFORD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY
JUNE 30, 2023**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Required Supplementary Information:	
Schedule of the School District's Proportionate Share of the Net Pension Liability.....	64
Schedule of School District's Contributions- Pension	66
Schedule of the School District's Proportionate Share of the Net OPEB Liability/(Asset)	68
Schedule of School District's Contributions- OPEB	70
Notes to the Required Supplementary Information	72
Schedule of Expenditures of Federal Awards	77
Notes to the Schedule of Expenditures of Federal Awards	78
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	79
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	81
Schedule of Findings.....	85
Summary Schedule of Prior Audit Findings	89
Corrective Action Plan.....	91

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Bedford City School District
Cuyahoga County
475 Northfield Road
Bedford, Ohio 44146

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

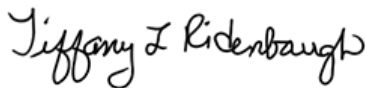
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards (the Schedule), as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2025, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

September 10, 2025

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Bedford City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
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, 2023. 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 2023 are as follows:

- Net position decreased \$4,268,034 from 2022 net position.
- Capital assets decreased \$233,556 during fiscal year 2023.
- During the fiscal year, outstanding debt decreased from \$2,373,000 to \$2,100,000.

Using This Annual Financial Report

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.

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

Statement of Net Position and the Statement of Activities

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.

Bedford City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

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 School District's overall net position decreased in fiscal year 2023.

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 with the balance sheet. 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 run off claims of hospitalization/medical and prescription drug benefits of School District employees dated prior to January 1, 2019. The internal service fund is reported as the School District's only proprietary fund.

Bedford City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

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 2023 compared to fiscal year 2022:

Table 1
Net Position

	Governmental Activities		
	2023	2022	Change
Assets			
Current & Other Assets	\$ 64,575,741	\$ 68,695,358	\$ (4,119,617)
Net Pension/OPEB Asset	4,791,894	3,773,119	1,018,775
Capital Assets	18,071,830	18,305,386	(233,556)
<i>Total Assets</i>	<u>87,439,465</u>	<u>90,773,863</u>	<u>(3,334,398)</u>
Deferred Outflows of Resources			
Pension & OPEB	14,938,952	13,652,684	1,286,268
<i>Total Deferred Outflows of Resources</i>	<u>14,938,952</u>	<u>13,652,684</u>	<u>1,286,268</u>
Liabilities			
Current & Other Liabilities	7,933,236	7,224,915	708,321
Long-Term Liabilities:			
Due Within One Year	2,490,749	1,960,272	530,477
Due In More Than One Year:			
Pension & OPEB	56,730,190	35,738,409	20,991,781
Other Amounts	3,243,007	3,091,019	151,988
<i>Total Liabilities</i>	<u>70,397,182</u>	<u>48,014,615</u>	<u>22,382,567</u>
Deferred Inflows of Resources			
Property Taxes	31,982,720	31,758,234	224,486
Pension & OPEB	13,179,939	33,567,088	(20,387,149)
<i>Total Deferred Inflows of Resources</i>	<u>45,162,659</u>	<u>65,325,322</u>	<u>(20,162,663)</u>
Net Position			
Net Investment in Capital Assets	15,971,830	15,932,386	39,444
Restricted	4,488,200	3,814,329	673,871
Unrestricted	(33,641,454)	(28,660,105)	(4,981,349)
<i>Total Net Position</i>	<u>\$ (13,181,424)</u>	<u>\$ (8,913,390)</u>	<u>\$ (4,268,034)</u>

Bedford City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

The net pension liability (NPL) is one of the largest single liabilities reported by the School District at June 30, 2023, and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior period, the School District also adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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 OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB asset/liability to equal the School District's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this 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 these assets/liabilities. 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 Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *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. For STRS, the plan's fiduciary net OPEB position was sufficient to cover the plan's total OPEB liability resulting in a net OPEB asset for fiscal year 2023 that is allocated to each school based on its proportionate share. The retirement system is responsible for the administration of the pension and OPEB plans.

Bedford City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

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 or the net OPEB liability reported by the retirement boards. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, 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 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 and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB asset/liability, respectively, not accounted for as deferred inflows/outflows.

Capital assets include land, buildings and improvements, furniture and equipment, and vehicles. Net investment in capital assets was \$15,971,830 at June 30, 2023. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$4,488,200, represents resources that are subject to external restrictions on how they may be used. The deficit balance of government-wide unrestricted net position was (\$33,641,454).

The current portion of long-term liabilities increased during the fiscal year predominantly due to increased compensated absences estimated to be due in one year.

There was a significant change in net pension/OPEB liability/asset for the School District. These fluctuations are due to changes in the retirement systems unfunded liabilities that are passed through to the School District's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and NPL/NOL/NOA and are described in more detail in their respective notes.

Bedford City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

Table 2 shows changes in governmental net position for fiscal years 2023 and 2022.

Table 2
Changes in Net Position

	Governmental Activities		
	2023	2022	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services	\$ 2,567,785	\$ 2,074,800	\$ 492,985
Operating Grants	9,286,355	9,529,794	(243,439)
Capital Grants	-	36,882	(36,882)
<i>Total Program Revenues</i>	<u>11,854,141</u>	<u>11,641,476</u>	<u>212,665</u>
General Revenues			
Property Taxes	35,371,878	35,190,164	181,714
Grants & Entitlements	12,983,492	13,167,589	(184,097)
Payments in Lieu of Taxes	254,345	245,828	8,517
Insurance Recoveries	102,063	-	102,063
Other	2,221,342	527,709	1,693,633
<i>Total General Revenues</i>	<u>50,933,120</u>	<u>49,131,290</u>	<u>1,801,830</u>
<i>Total Revenues</i>	<u>62,787,261</u>	<u>60,772,766</u>	<u>2,014,495</u>
Program Expenses			
Instruction:			
Regular	20,544,062	16,375,301	4,168,761
Special	10,372,933	8,006,085	2,366,848
Vocational	951,331	827,126	124,205
Student Intervention Services	17,378	100,740	(83,362)
Other	1,236,285	1,650,344	(414,059)
Support Services:			
Pupils	5,331,774	4,102,647	1,229,127
Instructional Staff	1,875,427	578,574	1,296,853
Board of Education	178,471	110,837	67,634
Administration	6,372,463	3,859,622	2,512,841
Fiscal	1,938,083	1,505,162	432,921
Business	1,011,100	667,913	343,187
Operation and Maintenance of Plant	6,544,775	4,897,207	1,647,568
Pupil Transportation	3,635,899	3,281,437	354,462
Central	3,540,181	2,243,591	1,296,590
Operation of Non-Instructional/Shared Services:			
Food Service Operations	1,770,209	1,465,917	304,292
Community Services	217,311	48,047	169,264
Extracurricular Activities	1,465,279	768,975	696,304
Debt Service:			
Interest and Fiscal Charges	52,334	58,652	(6,318)
<i>Total Expenses</i>	<u>67,055,295</u>	<u>50,548,177</u>	<u>16,507,118</u>
<i>Change in Net Position</i>	<u>(4,268,034)</u>	<u>10,224,589</u>	<u>(14,492,623)</u>
<i>Net Position Beginning of Year</i>	<u>(8,913,390)</u>	<u>(19,137,979)</u>	<u>10,224,589</u>
<i>Net Position End of Year</i>	<u>\$ (13,181,424)</u>	<u>\$ (8,913,390)</u>	<u>\$ (4,268,034)</u>

Bedford City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

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 0.5 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 2023, followed by grants, entitlements and contributions and then charges for services, investments, unrestricted contributions, payments in lieu of taxes and other revenue made up the remaining revenues.

Other revenue also increased in 2023 primarily due to increased investment earnings.

Charges for services increased from 2023 primarily from increased amounts of tuition receipts to the School District.

Overall, program expenses increased in fiscal year 2023 due to offset by changes in the net pension/OPEB asset/liabilities. As mentioned previously, changes in the net pension liability, net OPEB liability (asset) and associated deferred outflows/inflows are the result of the School District's adjusting proportionate share of the total State-wide liabilities (assets) for both pension and OPEB across retirement systems. Expense for instructional staff increased over the prior year due to an increase in ESSER expenditures.

The School District's Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. The net change in fund balances for the fiscal year was a decrease of \$4,546,920 for all governmental funds with the most significant increase in the general fund.

The general fund's net change in fund balance for fiscal year 2023 was a decrease of \$4,197,796. This decrease is primarily due to an increase in expenditures for instruction and support services.

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.

During the course of fiscal year 2023, the School District amended its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

There was no change between the original budget revenue and the final budget amount in the general fund. There was also no significant change in original and final appropriations in the general fund.

Bedford City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

Actual revenues were higher than the final budget revenues and other financing sources primarily due to property tax collections exceeding expectations. Actual expenditures were also higher than the final budget expenditures and other financing uses due to relying on healthy beginning balance to cover current year expenditures.

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 cash flow plan for the general fund annually. Actual cash flow 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

In fiscal year 2023, capital assets decreased due to depreciation and disposals exceeding additions. See Note 12 for more information about the capital assets of the School District.

Long-Term Obligations

Outstanding debt decreased in fiscal year 2023 due to principal retirements. See Note 18 and 19 for additional details.

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.

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.

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.

Bedford City School District
Cuyahoga County, Ohio
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 22,324,305
Intergovernmental Receivable	3,450,563
Taxes Receivable	38,800,873
Net OPEB Asset	4,791,894
Non-Depreciable Capital Assets	2,261,500
Depreciable Capital Assets, net	15,810,330
<i>Total Assets</i>	<u>87,439,465</u>
Deferred Outflows of Resources	
Pension	13,931,264
OPEB	1,007,688
<i>Total Deferred Outflows of Resources</i>	<u>14,938,952</u>
Liabilities	
Accounts Payable	548,189
Accrued Wages and Benefits	4,586,146
Intergovernmental Payable	976,520
Unearned Revenue	84,381
Notes Payable	1,738,000
Long-Term Liabilities:	
Due Within One Year	2,490,749
Due In More Than One Year:	
Net Pension Liability	53,543,384
Net OPEB Liability	3,186,806
Other Amounts Due in More Than One Year	3,243,007
<i>Total Liabilities</i>	<u>70,397,182</u>
Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	31,982,720
Pension	4,881,587
OPEB	8,298,352
<i>Total Deferred Inflows of Resources</i>	<u>45,162,659</u>
Net Position	
Net Investment in Capital Assets	15,971,830
Restricted for:	
Capital Outlay	1,595,195
Debt Service	84,603
Food Service	920,086
OPEB	944,105
Other Purposes	944,211
Unrestricted	(33,641,454)
<i>Total Net Position</i>	<u><u>\$ (13,181,424)</u></u>

See accompanying notes to the basic financial statements.

Bedford City School District
Cuyahoga County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2023

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$ 20,544,062	\$ 1,719,759	\$ 969,396	\$ (17,854,907)
Special	10,372,933	454,078	777,512	(9,141,343)
Vocational	951,331	-	41,432	(909,899)
Student Intervention Services	17,378	-	1,996	(15,382)
Other	1,236,285	4,027	1,160,014	(72,244)
Support Services:				
Pupils	5,331,774	-	1,718,717	(3,613,057)
Instructional Staff	1,875,427	-	1,253,756	(621,671)
Board of Education	178,471	-	-	(178,471)
Administration	6,372,463	935	754,885	(5,616,643)
Fiscal	1,938,083	-	-	(1,938,083)
Business	1,011,100	-	10,862	(1,000,238)
Operation and Maintenance of Plant	6,544,775	-	17,387	(6,527,388)
Pupil Transportation	3,635,899	494	23,977	(3,611,428)
Central	3,540,181	-	885,576	(2,654,605)
Operation of Non-Instructional/Shared Services:				
Food Service Operations	1,770,209	218,981	1,571,946	20,718
Community Services	217,311	61,675	90,495	(65,142)
Extracurricular Activities	1,465,279	107,836	8,404	(1,349,038)
Interest and Fiscal Charges	52,334	-	-	(52,334)
Total	\$ 67,055,295	\$ 2,567,785	\$ 9,286,355	(55,201,154)

General Revenues

Property Taxes Levied for:

General Purposes	34,880,069
Capital Outlay	491,809
Grants and Entitlements not Restricted to Specific Programs	12,983,492
Payments in Lieu of Taxes	254,345
Insurance Recoveries	102,063
Investment Earnings	837,439
Miscellaneous	1,383,903

Total General Revenues **50,933,120**

Change in Net Position **(4,268,034)**

Net Position Beginning of Year **(8,913,390)**

Net Position End of Year **\$ (13,181,424)**

See accompanying notes to the basic financial statements.

Bedford City School District
Cuyahoga County, Ohio
Balance Sheet
Governmental Funds
June 30, 2023

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 19,582,178	\$ 2,740,588	\$ 22,322,766
Interfund Receivable	2,192,027	-	2,192,027
Intergovernmental Receivable	701,857	2,748,706	3,450,563
Taxes Receivable	38,262,135	538,738	38,800,873
<i>Total Assets</i>	<u>\$ 60,738,197</u>	<u>\$ 6,028,032</u>	<u>\$ 66,766,229</u>
Liabilities			
Accounts Payable	\$ 456,134	\$ 92,055	\$ 548,189
Accrued Wages and Benefits	4,162,630	423,516	4,586,146
Intergovernmental Payable	899,266	77,254	976,520
Interfund Payable	-	2,192,027	2,192,027
Unearned Revenue	-	84,381	84,381
Notes Payable	83,786	1,654,214	1,738,000
<i>Total Liabilities</i>	<u>5,601,816</u>	<u>4,523,447</u>	<u>10,125,263</u>
Deferred Inflows of Resources			
Property Taxes Levied for the Next Year	31,539,700	443,020	31,982,720
Unavailable Revenue	4,761,683	2,129,329	6,891,012
<i>Total Deferred Inflows of Resources</i>	<u>36,301,383</u>	<u>2,572,349</u>	<u>38,873,732</u>
Fund Balances			
Restricted	23,016	2,340,243	2,363,259
Committed	9,900	91,430	101,330
Assigned	4,564,456	-	4,564,456
Unassigned	14,237,626	(3,499,437)	10,738,189
<i>Total Fund Balance</i>	<u>18,834,998</u>	<u>(1,067,764)</u>	<u>17,767,234</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 60,738,197</u>	<u>\$ 6,028,032</u>	<u>\$ 66,766,229</u>

See accompanying notes to the basic financial statements.

Bedford City School District
Cuyahoga County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2023

Total Governmental Fund Balances		\$ 17,767,234
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		18,071,830
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Delinquent Property Taxes	\$ 4,116,989	
Grants	2,072,166	
Tuition and Fees	<u>701,857</u>	6,891,012
An internal service fund is used by management to charge the costs of insurance to individual funds.		
The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		1,539
The net pension liability and net OPEB liability/asset are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB Asset	4,791,894	
Deferred Outflows - Pension	13,931,264	
Deferred Outflows - OPEB	1,007,688	
Net Pension Liability	(53,543,384)	
Net OPEB Liability	(3,186,806)	
Deferred Inflows - Pension	(4,881,587)	
Deferred Inflows - OPEB	<u>(8,298,352)</u>	(50,179,283)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(362,000)	
Compensated Absences	<u>(5,371,756)</u>	(5,733,756)
<i>Net Position of Governmental Activities</i>		<u><u>\$ (13,181,424)</u></u>

See accompanying notes to the basic financial statements.

Bedford City School District
Cuyahoga County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property and Other Local Taxes	\$ 35,254,275	\$ 497,053	\$ 35,751,328
Intergovernmental	12,945,973	9,433,682	22,379,655
Investment Income	837,439	-	837,439
Tuition and Fees	2,100,776	-	2,100,776
Extracurricular Activities	81,066	96,748	177,814
Charges for Services	34,885	218,981	253,866
Rentals	35,200	-	35,200
Contributions and Donations	1,974	8,634	10,608
Payments in Lieu of Taxes	254,345	-	254,345
Miscellaneous	1,305,145	78,759	1,383,904
<i>Total Revenues</i>	<u>52,851,078</u>	<u>10,333,857</u>	<u>63,184,935</u>
Expenditures			
Current:			
Instruction:			
Regular	18,988,283	981,086	19,969,369
Special	9,603,988	707,440	10,311,428
Vocational	875,251	36,940	912,191
Student Intervention Services	15,500	1,878	17,378
Other	74,579	1,175,164	1,249,743
Support Services:			
Pupils	3,818,808	1,680,096	5,498,904
Instructional Staff	532,782	1,333,621	1,866,403
Board of Education	178,471	-	178,471
Administration	5,640,795	675,150	6,315,945
Fiscal	2,023,844	-	2,023,844
Business	919,352	56,870	976,222
Operation and Maintenance of Plant	6,478,160	18,512	6,496,672
Pupil Transportation	4,010,870	24,156	4,035,026
Central	2,732,627	873,418	3,606,045
Operation of Non-Instructional/Shared Services:			
Food Service Operations	-	1,809,583	1,809,583
Community Services	79,328	97,382	176,710
Extracurricular Activities	1,122,278	107,405	1,229,683
Capital Outlay	-	1,060,967	1,060,967
Debt Service:			
Principal Retirement	47,000	-	47,000
Interest and Fiscal Charges	9,021	43,313	52,334
<i>Total Expenditures</i>	<u>57,150,937</u>	<u>10,682,981</u>	<u>67,833,918</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(4,299,859)</u>	<u>(349,124)</u>	<u>(4,648,983)</u>
Other Financing Sources (Uses)			
Insurance Recoveries	102,063	-	102,063
<i>Total Other Financing Sources (Uses)</i>	<u>102,063</u>	<u>-</u>	<u>102,063</u>
<i>Net Change in Fund Balances</i>	(4,197,796)	(349,124)	(4,546,920)
<i>Fund Balances Beginning of Year</i>	<u>23,032,794</u>	<u>(718,640)</u>	<u>22,314,154</u>
<i>Fund Balances End of Year</i>	<u>\$ 18,834,998</u>	<u>\$ (1,067,764)</u>	<u>\$ 17,767,234</u>

See accompanying notes to the basic financial statements.

Bedford City School District
Cuyahoga County, Ohio
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, 2023

Net Change in Fund Balances - Total Governmental Funds		\$ (4,546,920)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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.		
Capital Asset Additions	\$ 1,319,415	
Current Year Depreciation	<u>(1,548,292)</u>	(228,877)
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.		(4,679)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	(379,450)	
Grants	(120,416)	
Tuition and Fees	<u>129</u>	(499,737)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds		47,000
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	5,287,808	
OPEB	<u>96,757</u>	5,384,565
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(5,077,674)	
OPEB	<u>1,393,520</u>	(3,684,154)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		(5,767)
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences		<u>(729,465)</u>
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$ (4,268,034)</u></u>

See accompanying notes to the basic financial statements.

Bedford City School District
Cuyahoga County, Ohio
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues and Other Financing Sources	\$ 51,727,828	\$ 59,981,535	\$ 59,981,528	\$ (7)
Expenditures and Other Financing Uses	56,703,090	57,190,026	63,771,564	(6,581,538)
Net Change in Fund Balance	(4,975,262)	2,791,509	(3,790,036)	(6,581,545)
<i>Fund Balance Beginning of Year</i>	19,917,217	19,917,217	19,917,217	-
Prior Year Encumbrances Appropriated	1,937,800	1,937,800	1,937,800	-
<i>Fund Balance End of Year</i>	<u>\$ 16,879,755</u>	<u>\$ 24,646,526</u>	<u>\$ 18,064,981</u>	<u>\$ (6,581,545)</u>

See accompanying notes to the basic financial statements.

Bedford City School District
Cuyahoga County, Ohio
Statement of Fund Net Position
Proprietary Funds
June 30, 2023

	Governmental Activities
	Internal Service Fund
Assets	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$ 1,539
<i>Total Current Assets</i>	<u>1,539</u>
 Net Position	
Unrestricted	<u>1,539</u>
<i>Total Net Position</i>	<u><u>\$ 1,539</u></u>

See accompanying notes to the basic financial statements.

Bedford City School District
Cuyahoga County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2023

	Governmental Activities
	Internal Service Fund
Operating Revenues	
Charges for Services	\$ 72,805
<i>Total Operating Revenues</i>	<u>72,805</u>
Operating Expenses	
Claims	78,572
<i>Total Operating Expenses</i>	<u>78,572</u>
<i>Change in Net Position</i>	(5,767)
<i>Net Position Beginning of Year</i>	<u>7,306</u>
<i>Net Position End of Year</i>	<u><u>\$ 1,539</u></u>

See accompanying notes to the basic financial statements.

Bedford City School District
Cuyahoga County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2023

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 72,805
Cash Payments for Claims	(78,572)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(5,767)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(5,767)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>7,306</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$ 1,539</u></u>

See accompanying notes to the basic financial statements.

Bedford City School District
Cuyahoga County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Private Purpose Trust	Custodial
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 75,137	\$ 4,676
<i>Total Assets</i>	<u>75,137</u>	<u>4,676</u>
Net Position		
Restricted for Scholarships	75,137	-
Restricted for Individuals, Organizations, and Other Governments	-	4,676
<i>Total Net Position</i>	<u>\$ 75,137</u>	<u>\$ 4,676</u>

See accompanying notes to the basic financial statements.

Bedford City School District
Cuyahoga County, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2023

	Private Purpose Trust	Custodial
	<u> </u>	<u> </u>
Deductions		
Payments in Accordance with Trust Agreements	\$ -	\$ 2,623
<i>Total Deductions</i>	<u>-</u>	<u>2,623</u>
<i>Change in Net Position</i>	-	(2,623)
<i>Net Position Beginning of Year</i>	<u>75,137</u>	<u>7,299</u>
<i>Net Position End of Year</i>	<u>\$ 75,137</u>	<u>\$ 4,676</u>

See accompanying notes to the basic financial statements.

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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 students in grades K through 12. 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.

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.

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Northeast Ohio Network for Educational Technology (NEOnet)

NEOnet is a jointly governed organization created as a regional council of governments made up of public districts and county boards of education from Summit, Medina and Portage Counties. The primary function of NEOnet is to provide data processing services to its member districts with the major emphasis being placed on accounting, inventory control and payroll services. Other areas of service provided by NEOnet include student scheduling, registration, grade reporting, and test scoring. Each member district pays an annual fee for the services provided by NEOnet. NEOnet is governed by a board of directors comprised of each Superintendent within the Organization. The Summit County Educational Service Center serves as the fiscal agent of the organization and receives funding from the State Department of Education.

Each district has one vote in all matters and each member district's control over budgeting and financing of NEOnet is limited to its voting authority and any representation it may have on the board of directors.

The continued existence of NEOnet is not dependent on the School District's continued participation and no equity interest exists. Financial information can be obtained by contacting the NEOnet Fiscal Officer at 700 Graham Road, Cuyahoga Falls, Ohio 44221.

Ohio Schools Council Association

The Ohio Schools Council Association (Council) is a jointly governed organization among approximately 250 members. 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. 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.

The School District participates in the natural gas purchase program. There are currently 163 participants in the program. The participants make monthly payments based on the previous year's usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more than their actual usage can use their credit on future billings or request a refund. Districts that did not pay enough on estimated billings are invoiced for the difference on their October or November monthly bill.

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 256 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.

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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.

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.

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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.

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's only internal service fund is a self-insurance fund that accounts for run off claims of hospitalization/medical and prescription drug benefits of School District employees dated prior to January 1, 2019.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. The School District has a private purpose trust fund which accounts for various college scholarships for students. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund. Custodial funds are used to account for assets held by the School District for Ohio High School Athletic Association (OHSAA) tournaments.

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.

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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 fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the fund is 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 fund activity.

Fiduciary funds present a statement of changes in fiduciary net position which report additions and deductions of fiduciary funds.

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.

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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 assets 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 and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 15 and 16.

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 assets 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, OPEB plans and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 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, tuition and fees, intergovernmental and miscellaneous revenues. 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 Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 15 and 16)

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/Other Postemployment Benefits (OPEB)

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

Budgetary Data

All funds, other than custodial 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

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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."

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which 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 fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transactions to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 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 2023 amounted to \$837,439, which includes \$121,056 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.

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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 five 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

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 vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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 and compensated absences 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 are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan’s fiduciary net position is not sufficient for payment of those benefits.

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 and after nonoperating revenues/expenses in internal service funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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.

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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 policies of the School District Board of Education or a School District official delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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.

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

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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. 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.

Implementation of New Accounting Principles

For the fiscal year ended June 30, 2023, the School District has implemented GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 93, paragraphs 13 and 14, *Replacement of Interbank Offered Rates*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Available Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and certain provisions of GASB Statement No. 99, *Omnibus 2022*.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the School District.

GASB Statement No. 93, paragraphs 13 and 14, provide an exception to the lease modifications guidance in GASB Statement No. 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The implementation of GASB Statement No. 93 paragraphs 13 and 14, did not have an effect on the financial statements of the School District.

GASB Statement No. 94 improves financial reporting by establishing the definitions of public-private and public-public partnership arrangements and availability payment arrangements as well as provides uniform guidance on accounting and financial reporting for transactions that meet the definitions. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the School District.

GASB Statement No. 96 improves financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The statement also enhances the relevance and reliability of the financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and discloses essential information about the arrangement. The note disclosures also allow the users to understand the scale and important aspects of the SBITA activities and evaluate the obligations and assets resulting from the SBITAs. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the School District.

GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

financial guarantees. The implementation of certain provisions of GASB Statement No. 99 that relate to extension of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, and pledges of future revenues by pledging governments, did not have an effect on the financial statements of the School District.

NOTE 3 – 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:

	General	Other Governmental Funds	Total
Restricted for:			
Capital Outlay	\$ -	\$ 638,032	\$ 638,032
Debt Service	-	94,463	94,463
Food Service	-	1,013,006	1,013,006
Student Activities	-	103,941	103,941
Student Wellness	-	198,375	198,375
State Funded Programs	-	32,400	32,400
Federally Funded Programs	-	765	765
Other Purposes	-	259,261	259,261
Community Education	23,016	-	23,016
Total Restricted	23,016	2,340,243	2,363,259
Committed for:			
Capital Outlay	-	91,430	91,430
Underground Storage Tank	9,900	-	9,900
Total Committed	9,900	91,430	101,330
Assigned for:			
Encumbrances:			
Instruction	33,441	-	33,441
Support Services	430,622	-	430,622
Subsequent Year Appropriations	3,765,022	-	3,765,022
Public School Support	335,371	-	335,371
Total Assigned	4,564,456	-	4,564,456
Unassigned	14,237,626	(3,499,437)	10,738,189
Total Fund Balance	\$ 18,834,998	\$ (1,067,764)	\$ 17,767,234

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 4 - ACCOUNTABILITY

At June 30, 2023, the following funds had deficit fund balances:

	<u>Deficit</u>
<i>Non-Major Governmental Funds</i>	
Public School Preschool	\$ 55,101
ESSER	373,910
Title VI-B	775,410
Vocational Education	30,860
Title III	9,698
Title I	650,584
Preschool Handicapped	30,549
Title VI-R	1,631
Miscellaneous Federal Grants	17,452
Building Fund	1,451,552
Title I School Improvement	793
Drug Free Balancing	101,897
Total	<u>\$3,499,437</u>

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 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).
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)

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

	<u>General Fund</u>
GAAP Basis	\$ (4,197,796)
Net Adjustment for Revenue Accruals	7,143,219
Net Adjustment for Expenditure Accruals	(5,699,517)
Funds Budgeted Elsewhere	(7,835)
Adjustment for Encumbrances	<u>(1,028,107)</u>
Budget Basis	<u>\$ (3,790,036)</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.

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 agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed 180 days) and commercial paper notes (for a period not to exceed 270 days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time 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. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2023, \$5,107,731 of the School District's total bank balance was uninsured but collateralized. The School District's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

- Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be one hundred two percent of the deposits being secured or a rate set by the Treasurer of State.

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Investments

As of June 30, 2023, the School District had the following investments.

		Measurement	Investment Maturities	%
Rating	Investment	Amount	(in years) Less than 1	Total Investments
	Net Asset Value (NAV):			
AAAm	STAR Ohio	\$ 496,279	\$ 496,279	3.47%
AAAm	Federated Hermes Treasury Obligation	6,226,225	6,226,225	43.48%
	Fair Value:			
N/A	US Treasury Notes	7,596,683	7,596,683	53.05%
	Totals	\$ 14,319,187	\$ 14,319,187	100.00%

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2023. The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

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 STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. STAR Ohio carries a rating of AAAm by S&P Global Ratings. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2023 is 39 days.

NOTE 7 – RECEIVABLES

Receivables at June 30, 2023, consisted of taxes, interfund and intergovernmental receipts. 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.

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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.

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 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, 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 2023 represents collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 become a lien December 31, 2021, were levied after April 1, 2022 and are collected in 2023 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, 2023, are available to finance fiscal year 2023 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, 2023 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 assessed values upon which the fiscal year 2023 taxes were collected are:

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

	2022 Second Half Collections		2023 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 762,868,910	88.81%	\$746,216,740	88.27%
Public Utility Personal Property	96,083,570	11.19%	99,190,250	11.73%
	<u>\$ 858,952,480</u>	<u>100.00%</u>	<u>\$ 845,406,990</u>	<u>100.00%</u>
Tax rate per \$1,000 assessed valuation	<u>\$ 75.72</u>		<u>\$ 75.72</u>	

NOTE 9 – TAX ABATEMENTS

School District property taxes were reduced as follows under Community Reinvestment Area (CRA) agreements entered into by overlapping governments, the City of Bedford and the Villages of Oakwood and Walton Hills. As a result of the agreements, the School District had \$382,916 in taxes abated for fiscal year 2023.

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 School District received \$254,345 of income tax dollars as compensation for taxes abated in fiscal year 2023.

NOTE 10 – OTHER EMPLOYEE BENEFITS

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.

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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. The Board's liability is 6.2 percent of wages.

NOTE 11 – INTERFUND ACTIVITY

Interfund Balances

The primary purpose of the balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year. Interfund balances at June 30, 2023, consist of the general fund advancing \$2,192,027 to nonmajor governmental funds.

NOTE 12 – CAPITAL ASSETS

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

	Balance 6/30/2022	Additions	Reductions	Balance 6/30/2023
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 2,261,500	\$ -	\$ -	\$ 2,261,500
Capital Assets not being depreciated	2,261,500	-	-	2,261,500
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	46,210,358	808,592	-	47,018,950
Furniture and Equipment	6,641,477	12,580	(6,279)	6,647,778
Vehicles	6,280,246	498,243	(33,551)	6,744,938
Total Capital Assets, being depreciated	59,132,081	1,319,415	(39,830)	60,411,666
Less Accumulated Depreciation:				
Buildings and Improvements	(34,698,210)	(898,400)	-	(35,596,610)
Furniture and Equipment	(4,199,273)	(328,722)	6,153	(4,521,842)
Vehicles	(4,190,712)	(321,170)	28,998	(4,482,884)
Total Accumulated Depreciation	(43,088,195)	(1,548,292)	35,151	(44,601,336)
Total Capital Assets being depreciated, net	16,043,886	(228,877)	(4,679)	15,810,330
Governmental Activities Capital Assets, Net	<u>\$ 18,305,386</u>	<u>\$ (228,877)</u>	<u>\$ (4,679)</u>	<u>\$ 18,071,830</u>

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:

Instruction:

Regular	\$ 387,771
Special	9,751
Vocational	15,985

Support Services:

Pupil	1,709
Instructional Staff	16,455
Administration	1,255
Fiscal	629
Business	87,209
Operation and Maintenance of Plant	479,764
Pupil Transportation	290,855
Central	9,978

Operation of Non-Instructional Services:

Food Service Operations	25,175
Community Services	39,666
Extracurricular Activities	182,090

Total Depreciation	<u>\$ 1,548,292</u>
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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, 2023, if applicable, cannot be determined at this time.

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.

The School District insures its buildings and their contents through insurance that provides replacement costs for such items. An inventory of all loose equipment is conducted annually.

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Appropriate liability insurance is maintained and the School District also has an excess policy. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

A bond is maintained on the Treasurer. Bonds are also provided for the School Board President, and Superintendent.

By State statute, bond is provided by all contractors in amounts sufficient to cover the entire bid amount awarded to the contractor.

Worker's Compensation

For fiscal year 2022, the School District participated in the Northeast Ohio Safety Council Group Retrospective Rating Program, an insurance purchasing pool (Note 1). The intent of the Group Rating Program, (GRP) is to achieve the benefit of a reduced premium for the School District by 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.

Employee Benefits

Effective January 1, 2019, the School District transitioned into a fully-funded insurance program for employee hospitalization/medical benefits and prescription drug benefits. The School District intends to use up the balance in the self-insurance internal service fund to pay off any remaining claims as well as future monthly insurance premiums. There is no claims liability reported in the fund at June 30, 2023.

During fiscal year 2023, the School District elected to provide employee hospitalization/medical benefits and prescription drug benefits through a fully funded program with Medical Mutual. Employees pay 13 percent of the monthly premium. If an employee receives a wellness physical, then the employee percentage contribution is reduced by one percent.

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.

NOTE 15 – DEFINED BENEFITS PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB 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.

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

The net pension/OPEB liability (asset) represents the School District's proportionate share of each pension/OPEB 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/OPEB liability (asset) 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/OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension/OPEB liability (asset)* 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.

The remainder of this note includes the required pension disclosures. See Note 16 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a statewide, cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor 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:

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire 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, may be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first 30 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.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

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, 2023, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$1,413,189 for fiscal year 2023. Of this amount, \$77,298 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. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2)

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in until August 1, 2023, 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.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 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 is deposited into the member's DC account 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 at age 50 and after termination of employment.

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. 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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. 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. The 2023 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2023, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$3,874,619 for fiscal year 2023. Of this amount, \$357,093 is reported as an intergovernmental payable.

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.2293249%	0.18506287%	
Prior Measurement Date	0.2319528%	0.17895509%	
Change in Proportionate Share	<u>-0.0026279%</u>	<u>0.00610778%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 12,403,674	\$ 41,139,710	\$ 53,543,384
Pension Expense	\$ 179,917	\$ 4,897,757	\$ 5,077,674

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period.

At June 30, 2023, 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	\$ 502,359	\$ 526,641	\$ 1,029,000
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	1,431,574	1,431,574
Changes of Assumptions	122,390	4,923,188	5,045,578
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	-	1,137,304	1,137,304
School District Contributions Subsequent to the Measurement Date	1,413,189	3,874,619	5,287,808
Total Deferred Outflows of Resources	<u>\$ 2,037,938</u>	<u>\$ 11,893,326</u>	<u>\$ 13,931,264</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 81,427	\$ 157,374	\$ 238,801
Net Difference between Projected and Actual Earnings on Pension Plan Investments	432,830	-	432,830
Changes of Assumptions	-	3,705,745	3,705,745
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	288,723	215,488	504,211
Total Deferred Inflows of Resources	<u>\$ 802,980</u>	<u>\$ 4,078,607</u>	<u>\$ 4,881,587</u>

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

\$5,287,808 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 fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2024	\$ (200,802)	\$ 314,248	\$ 113,446
2025	(78,416)	287,160	208,744
2026	(618,307)	(833,541)	(1,451,848)
2027	719,294	4,172,233	4,891,527
Total	<u>\$ (178,231)</u>	<u>\$ 3,940,100</u>	<u>\$ 3,761,869</u>

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, 2022, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent, net of investment expense, including inflation
COLA or Ad Hoc COLA	2.00 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward two years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward five years and adjusted 103.3 percent for males and set forward three years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five year period ended June 30, 2020.

The long-term return expectation for the 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 average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategies	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	100.00 %	

Discount Rate The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. 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 earnings were calculated using the long-term assumed investment rate of return (7.00 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 School District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the School District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net Pension Liability	\$ 18,257,617	\$ 12,403,674	\$ 7,471,808

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022, actuarial valuation, are presented below:

Inflation	2.50 percent
Salary Increases	
Current Measurement Period	Varies by service from 2.50 percent to 8.50 percent
Prior Measurement Period	Varies by age from 2.50 percent to 12.50 percent
Payroll Increases	3.00 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent effective July 1, 2017

For 2022, post-retirement mortality rates for healthy retirees are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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:

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long-Term Expected Rate of Return**</u>
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00 %	

*Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and is net of investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate. The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that 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. 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, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

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 7.00 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 (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net Pension Liability	\$ 62,147,124	\$ 41,139,710	\$ 23,373,940

Changes between the Measurement Date and the Reporting Date The discount rate was adjusted to 7.00 percent for the June 30, 2022 valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 16 – DEFINED BENEFIT OPEB PLANS

See Note 15 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive 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 2023, no allocation 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 2023, this amount was \$25,000. 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 2023, the School District's surcharge obligation was \$96,757, which is reported as an intergovernmental payable. The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was equal to its surcharge obligation for fiscal year 2023.

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. 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 which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS 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. 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, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liability (Asset), OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.2269788%	0.18506287%	
Prior Measurement Date	0.2271500%	0.17895500%	
Change in Proportionate Share	<u>-0.0001712%</u>	<u>0.00610787%</u>	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 3,186,806	\$ (4,791,894)	
OPEB Expense	\$ (465,425)	\$ (928,104)	\$ (1,393,529)

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in OPEB expense beginning in the current period, using a straight-line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five-year period.

At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 26,789	\$ 69,471	\$ 96,260
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	16,565	83,416	99,981
Changes of Assumptions	506,901	204,116	711,017
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	-	3,673	3,673
School District Contributions Subsequent to the Measurement Date	96,757	-	96,757
Total Deferred Outflows of Resources	<u>\$ 647,012</u>	<u>\$ 360,676</u>	<u>\$ 1,007,688</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 2,038,516	\$ 719,657	\$ 2,758,173
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	-	-
Changes of Assumptions	1,308,208	3,397,921	4,706,129
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	743,163	90,887	834,050
Total Deferred Inflows of Resources	<u>\$ 4,089,887</u>	<u>\$ 4,208,465</u>	<u>\$ 8,298,352</u>

\$96,757 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction/addition to the net OPEB liability/asset in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	\$ (888,668)	\$ (1,163,628)	\$ (2,052,296)
2025	(824,585)	(1,102,397)	(1,926,982)
2026	(690,448)	(518,820)	(1,209,268)
2027	(461,299)	(213,773)	(675,072)
2028	(289,396)	(280,599)	(569,995)
Thereafter	(385,236)	(568,572)	(953,808)
Total	<u>\$ (3,539,632)</u>	<u>\$ (3,847,789)</u>	<u>\$ (7,387,421)</u>

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each 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 terminations). 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.

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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 OPEB liability in the latest actuarial valuation date of June 30, 2022, are presented below:

Inflation	2.40 percent
Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Fiduciary Net Position Depletion	Projected to be 2044
Municipal Bond Index Rate	
Measurement Date	3.69 percent
Prior Measurement Date	1.92 percent
Single Equivalent Interest Rate	
Measurement Date	4.08 percent, net of plan investment expense, including price inflation
Prior Measurement Date	2.27 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Medicare	5.125 percent - 4.40 percent
Pre-Medicare	6.750 percent - 4.40 percent
Medical Trend Assumption	7.00 percent - 4.40 percent

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

The most recent experience study was completed for the five year period ended June 30, 2020.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent,

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategies	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2022, was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2022 was 2.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69 percent at June 30, 2022 and 1.92 percent at June 30, 2021.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.08 percent) and higher (5.08 percent) than the current discount rate (4.08 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.40 percent) and higher (8.00 percent decreasing to 5.40 percent) than the current rate (7.00 percent decreasing to 4.40 percent).

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

	1% Decrease	Current Discount Rate	1% Increase
School District 's Proportionate Share of the Net OPEB Liability	\$ 3,958,061	\$ 3,186,806	\$ 2,564,194
	1% Decrease	Current Trend Rate	1% Increase
School District 's Proportionate Share of the Net OPEB Liability	\$ 2,457,599	\$ 3,186,806	\$ 4,139,268

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Projected Salary Increases	Varies by service from 2.5 percent to 8.5 percent	Varies by age from 2.5 percent to 12.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	5.00 percent initial 4 percent ultimate
Medicare	-68.78 percent initial 3.94 percent ultimate	-16.18 percent initial 4 percent ultimate
Prescription Drug		
Pre-Medicare	9.00 percent initial 3.94 percent ultimate	6.50 percent initial 4 percent ultimate
Medicare	-5.47 percent initial 3.94 percent ultimate	29.98 percent initial 4 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

For 2021, healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00 %	

*Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and is net of investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District 's Proportionate Share of the Net OPEB (Asset)	\$ (4,429,979)	\$ (4,791,894)	\$ (5,101,904)
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School District 's Proportionate Share of the Net OPEB (Asset)	\$ (4,970,359)	\$ (4,791,894)	\$ (4,566,624)

NOTE 17 – 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.

	<u>Capital Improvement Reserve</u>
Set Aside Restricted Balance June 30, 2022	\$ -
Current Year Set-Aside Requirement	575,431
Current Year Qualifying Expenditures	(482,243)
Current Year Offsets	(534,388)
Total	<u>\$ (441,200)</u>
Balance Carried Forward to Fiscal Year 2024	<u>\$ -</u>
Set Aside Balance June 30, 2023	<u>\$ -</u>

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 18 – NOTES PAYABLE

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

	<u>Outstanding 6/30/22</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 6/30/23</u>
Governmental Activities:				
Tax Anticipation Notes, Series 2019	\$ 1,964,000	\$ -	\$ 226,000	\$ 1,738,000
Total Governmental Activities	<u>\$ 1,964,000</u>	<u>\$ -</u>	<u>\$ 226,000</u>	<u>\$ 1,738,000</u>

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

In fiscal year 2020, the School District issued \$2,400,000 in tax anticipation notes for capital projects. The notes will be paid from the general fund and building capital projects fund.

Principal and interest payments to retire the tax anticipation notes are as follows:

Fiscal Year Ending June 30,	Series 2019	
	Principal	Interest
2024	\$ 231,000	\$ 37,967
2025	237,000	32,491
2026	242,000	26,887
2027	248,000	21,154
2028	254,000	15,280
2029 - 2030	526,000	12,378
Total	<u>\$ 1,738,000</u>	<u>\$ 146,157</u>

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.

NOTE 19 – 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 from Direct Placements:				
Real Estate Improvement Bonds	2020	\$ 500,000	2.34%	December 1, 2029

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

	Outstanding 6/30/22	Additions	Reductions	Outstanding 6/30/23	Amounts Due in One Year
Governmental Activities:					
Direct Placement:					
Qualified School Construction Bonds	\$ 409,000	\$ -	\$ 47,000	\$ 362,000	\$ 48,000
Net Pension Liability	31,439,403	22,103,981	-	53,543,384	-
Net OPEB Liability	4,299,006	-	1,112,200	3,186,806	-
Compensated Absences	4,642,291	2,642,737	1,913,272	5,371,756	2,442,749
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 40,789,700</u>	<u>\$ 24,746,718</u>	<u>\$ 3,072,472</u>	<u>\$62,463,946</u>	<u>\$2,490,749</u>

Bedford City School District
Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

On November 8, 2019, the School District issued real estate improvement bonds through direct placement, in the amount of \$500,000. The bonds were issued with a 2.34 percent interest rate. The bonds were issued for a ten year period with a final maturity on December 1, 2029.

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 are no repayment schedules for the net pension liability and net OPEB liability. However, employer pension contributions are primarily made from the general fund. For additional information related to the net pension and net OPEB liabilities see Notes 15 and 16.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2023, are as follows:

Fiscal Year Ending June 30,	Direct Placement	
	Principal	Interest
2024	\$ 48,000	\$ 7,909
2025	49,000	6,774
2026	51,000	5,605
2027	52,000	4,399
2028	53,000	3,170
2029 - 2030	109,000	2,562
Total	\$ 362,000	\$ 30,419

NOTE 20 – SIGNIFICANT COMMITMENTS

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:

Fund	Amount
General	\$ 464,063
Nonmajor Governmental	78,913
	<u>\$ 542,976</u>

NOTE 21 – SUBSEQUENT EVENTS

On July 2, 2024, the School District issued \$12,000,000 in Bond Anticipation Notes to retire the Series 2023 School Improvement Notes at maturity. The notes matured on March 6, 2025. On March 5, 2025, the School District issued \$95,000,000 in Bond Anticipation Notes maturing September 4, 2025. On June 10, 2025, the School District issued \$158,130,000 in School Improvement Bonds.

Bedford City School District
Cuyahoga County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years

	2023	2022	2021	2020
<i>School Employees Retirement System (SERS)</i>				
School District's Proportion of the Net Pension Liability	0.22932490%	0.23195280%	0.24641960%	0.25057980%
School District's Proportionate Share of the Net Pension Liability	\$ 12,403,674	\$ 8,558,386	\$ 16,298,712	\$ 14,992,629
School District's Covered Payroll	\$ 8,843,550	\$ 7,689,514	\$ 8,677,800	\$ 8,678,689
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	140.26%	111.30%	187.82%	172.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%
<i>State Teachers Retirement System (STRS)</i>				
School District's Proportion of the Net Pension Liability	0.18506287%	0.17895509%	0.17736739%	0.17413862%
School District's Proportionate Share of the Net Pension Liability	\$ 41,139,710	\$ 22,881,017	\$ 42,916,597	\$ 38,509,710
School District's Covered Payroll	\$ 23,950,600	\$ 21,322,179	\$ 21,602,657	\$ 20,455,457
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	171.77%	107.31%	198.66%	188.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%	77.40%

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

2019	2018	2017	2016	2015	2014
0.25461410%	0.27472640%	0.26957880%	0.27142040%	0.27752900%	0.27752900%
\$ 14,582,221	\$ 16,414,296	\$ 19,730,682	\$ 15,487,511	\$ 14,045,584	\$ 16,503,759
\$ 8,569,341	\$ 8,554,100	\$ 8,825,571	\$ 8,203,703	\$ 8,159,191	\$ 7,988,321
170.17%	191.89%	223.56%	188.79%	172.14%	206.60%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%
0.17926494%	0.18152248%	0.18734875%	0.18712752%	0.18588748%	0.18588748%
\$ 39,416,336	\$ 43,121,054	\$ 62,711,275	\$ 51,716,575	\$ 45,214,269	\$ 53,858,941
\$ 20,343,907	\$ 20,027,343	\$ 19,176,686	\$ 19,570,471	\$ 19,579,223	\$ 19,212,138
193.75%	215.31%	327.02%	264.26%	230.93%	280.34%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

See accompanying notes to the required supplementary information.

Bedford City School District
Cuyahoga County, Ohio
Required Supplementary Information
Schedule of the School District's Contributions - Pension
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>School Employees Retirement System (SERS)</i>				
Contractually Required Contribution	\$ 1,413,189	\$ 1,238,097	\$ 1,076,532	\$ 1,214,892
Contributions in Relation to the Contractually Required Contribution	<u>(1,413,189)</u>	<u>(1,238,097)</u>	<u>(1,076,532)</u>	<u>(1,214,892)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 10,094,207	\$ 8,843,550	\$ 7,689,514	\$ 8,677,800
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
 <i>State Teachers Retirement System (STRS)</i>				
Contractually Required Contribution	\$ 3,874,619	\$ 3,353,084	\$ 2,985,105	\$ 3,024,372
Contributions in Relation to the Contractually Required Contribution	<u>(3,874,619)</u>	<u>(3,353,084)</u>	<u>(2,985,105)</u>	<u>(3,024,372)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 27,675,850	\$ 23,950,600	\$ 21,322,179	\$ 21,602,657
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplemental information.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,171,623	\$ 1,156,861	\$ 1,197,574	\$ 1,235,580	\$ 1,081,248	\$ 1,130,864
<u>(1,171,623)</u>	<u>(1,156,861)</u>	<u>(1,197,574)</u>	<u>(1,235,580)</u>	<u>(1,081,248)</u>	<u>(1,130,864)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,678,689	\$ 8,569,341	\$ 8,554,100	\$ 8,825,571	\$ 8,203,703	\$ 8,159,191
13.50%	13.50%	14.00%	14.00%	13.18%	13.86%
\$ 2,863,764	\$ 2,848,147	\$ 2,803,828	\$ 2,684,736	\$ 2,739,866	\$ 2,545,299
<u>(2,863,764)</u>	<u>(2,848,147)</u>	<u>(2,803,828)</u>	<u>(2,684,736)</u>	<u>(2,739,866)</u>	<u>(2,545,299)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 20,455,457	\$ 20,343,907	\$ 20,027,343	\$ 19,176,686	\$ 19,570,471	\$ 19,579,223
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

See accompanying notes to the required supplemental information.

Bedford City School District
Cuyahoga County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability/(Asset)
Last Seven Fiscal Years (1)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>School Employees Retirement System (SERS)</i>			
School District's Proportion of the Net OPEB Liability	0.22697880%	0.22715000%	0.24430700%
School District's Proportionate Share of the Net OPEB Liability	\$ 3,186,806	\$ 4,299,006	\$ 5,309,599
School District's Covered Payroll	\$ 8,843,550	\$ 7,689,514	\$ 8,677,800
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	36.04%	55.91%	61.19%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%
<i>State Teachers Retirement System (STRS)</i>			
School District's Proportion of the Net OPEB Liability (Asset)	0.18506287%	0.17895500%	0.17736700%
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (4,791,894)	\$ (3,773,119)	\$ (3,117,221)
School District's Covered Payroll	\$ 23,950,600	\$ 21,322,179	\$ 21,602,657
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-20.01%	-17.70%	-14.43%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	230.73%	174.73%	182.10%

(1) Information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

2020	2019	2018	2017
0.24816310%	0.25387430%	0.27228350%	0.26967680%
\$ 6,240,780	\$ 7,043,158	\$ 7,307,374	\$ 7,686,786
\$ 8,678,689	\$ 8,569,341	\$ 8,554,100	\$ 8,825,571
71.91%	82.19%	85.43%	87.10%
15.57%	13.57%	12.46%	11.49%
0.17413862%	0.17926494%	0.18152248%	0.18734875%
\$ (2,884,154)	\$ (2,880,604)	\$ 7,082,337	\$ 10,019,460
\$ 20,455,457	\$ 20,343,907	\$ 20,027,343	\$ 19,176,686
-14.10%	-14.16%	35.36%	52.25%
174.70%	176.00%	47.10%	37.30%

See accompanying notes to the required supplementary information.

Bedford City School District
Cuyahoga County, Ohio
Required Supplementary Information
Schedule of the School District's Contributions - OPEB
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>School Employees Retirement System (SERS)</i>				
Contractually Required Contribution (1)	\$ 96,757	\$ 160,500	\$ 91,767	\$ 103,021
Contributions in Relation to the Contractually Required Contribution	<u>(96,757)</u>	<u>(160,500)</u>	<u>(91,767)</u>	<u>(103,021)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 10,094,207	\$ 8,843,550	\$ 7,689,514	\$ 8,677,800
OPEB Contributions as a Percentage of Covered Payroll (1)	0.96%	1.81%	1.19%	1.19%
<i>State Teachers Retirement System (STRS)</i>				
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 27,675,850	\$ 23,950,600	\$ 21,322,179	\$ 21,602,657
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

See accompanying notes to the required supplemental information.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 154,410	\$ 160,319	\$ 118,334	\$ 121,391	\$ 178,291	\$ 101,587
<u>(154,410)</u>	<u>(160,319)</u>	<u>(118,334)</u>	<u>(121,391)</u>	<u>(178,291)</u>	<u>(101,587)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,678,689	\$ 8,569,341	\$ 8,554,100	\$ 8,825,571	\$ 8,203,703	\$ 8,159,191
2.30%	2.03%	1.67%	1.46%	2.31%	1.70%
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 195,792
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(195,792)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 20,455,457	\$ 20,343,907	\$ 20,027,343	\$ 19,176,686	\$ 19,570,471	\$ 19,579,223
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%

See accompanying notes to the required supplemental information.

Bedford City School District
Cuyahoga County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

NOTE 1 - NET PENSION LIABILITY

There were no changes in assumptions or benefit terms for the fiscal years reported unless otherwise stated below:

Changes in Assumptions - SERS

For fiscal year 2022, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.00 percent to 2.40 percent
- Payroll growth assumption was reduced from 3.50 percent to 1.75 percent
- Assumed real wage growth was reduced from 0.50 percent to 0.85 percent
- Discount rate was reduced from 7.50 percent to 7.00 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

Changes in Benefit Terms - SERS

For fiscal year 2022, cost-of-living adjustments were increased from 2.00 percent to 2.50 percent.

For fiscal year 2021, cost-of-living adjustments were reduced from 2.50 percent to 2.00 percent.

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Bedford City School District
Cuyahoga County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

Changes in Assumptions – STRS

For fiscal year 2022, the Retirement Board approved several changes to the actuarial assumptions. The salary increases were where changed from 12.50 percent at age 20 to 2.50 percent at age 65 to varying by service from 2.50 percent to 8.50 percent. The healthy and disabled mortality assumptions were updated to the Pub-2010 mortality tables with generational improvement scale MP-2020.

For fiscal year 2021, the long term expected rate of return was reduced from 7.45 percent to 7.00 percent.

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms - STRS

For fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions – SERS

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Municipal Bond Index Rate:

Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Bedford City School District
Cuyahoga County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

Pre-Medicare Trend Assumption

Fiscal year 2023	6.75 percent initially, decreasing to 4.40 percent
Fiscal year 2022	6.75 percent initially, decreasing to 4.40 percent
Fiscal year 2021	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2020	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent

Medicare Trend Assumption

Fiscal year 2023	7.00 percent initially, decreasing to 4.40 percent
Fiscal year 2022	5.125 percent initially, decreasing to 4.40 percent
Fiscal year 2021	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Assumptions – STRS

For fiscal year 2022, the healthy and disabled mortality assumptions were updated to the RPub-2010 mortality tables with generational improvement scale MP-2020. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

For fiscal year 2022, the following changes were made to the actuarial assumptions:

- Projected salary increases from 3.25 to 10.75 percent, including wage inflation to varying by service from 2.50 to 8.50 percent
- Medicare medical health care cost trends from -16.18 percent initial to -68.78 percent initial and 4.00 percent ultimate to 3.94 percent ultimate
- Medicare prescription drug health care cost trends from 29.98 percent initial to -5.47 percent initial and 4.00 percent ultimate to 3.94 percent ultimate

For fiscal year 2021, valuation year per capita health care costs were updated. Health care cost trend rates ranged from -5.20 percent to 9.60 percent initially for fiscal year 2020 and changed for fiscal year 2021 to a range of -6.69 percent to 11.87 percent, initially.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.20 percent to 9.60 percent, initially and a 4.00 ultimate rate.

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future

Bedford City School District
Cuyahoga County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Changes in Benefit Terms – STRS

For fiscal year 2021, there were no changes to the claims costs process. Claim curves were updated to reflect the projected fiscal year 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. This was subsequently extended, see above paragraph.

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**BEDFORD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education</i>		
<i>Child Nutrition Cluster:</i>		
<i>Cash Assistance</i>		
School Breakfast Program	10.553	\$433,775
National School Lunch Program	10.555	940,912
COVID-19 National School Lunch Program	10.555	79,158
<i>Non-Cash Assistance</i>		
National School Lunch Program- Donated Commodities	10.555	121,101
Total Child Nutrition Cluster		<u>1,574,946</u>
Pandemic EBT Administrative Costs	10.649	<u>3,135</u>
Total U.S. Department of Agriculture		<u>1,578,081</u>
U.S. DEPARTMENT OF Treasury		
<i>Passed Through Ohio Facilities Construction Commission</i>		
COVID-19 K-12 School Safety Grant (Round 2)	21.027	<u>15,619</u>
Total U.S. Department of Treasury		<u>15,619</u>
FEDERAL COMMUNICATIONS COMMISSION		
<i>Direct Program</i>		
Emergency Connectivity Fund Program	32.009	<u>137,211</u>
Total Federal Communications Commission		<u>137,211</u>
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education</i>		
Title I Grants to Local Educational Agencies- 2022	84.010	650,584
Title I Grants to Local Educational Agencies- 2023	84.010	1,368,396
Title I- Non-Competitive, Supplemental School Improvement	84.010	<u>24,936</u>
Total Title I Grants to Local Education Agencies		<u>2,043,916</u>
Title I State Agency Program for Neglected and Delinquent Children and Youth- 2022	84.013	11,861
Title I State Agency Program for Neglected and Delinquent Children and Youth- 2023	84.013	<u>24,316</u>
Total Title I State Agency Program for Neglected and Delinquent Children and Youth		<u>36,177</u>
<i>Special Education Cluster (IDEA):</i>		
Special Education Grants to States- 2022	84.027	87,970
Special Education Grants to States- 2023	84.027	837,900
Special Education Preschool Grants	84.173	<u>32,666</u>
Total Special Education Cluster (IDEA)		<u>958,536</u>
Career & Technical Education- Basic Grants to States- 2022	84.048	2,381
Career & Technical Education- Basic Grants to States- 2023	84.048	<u>26,084</u>
Total Career & Technical Education		<u>28,465</u>
Supporting Effective Instruction State Grants- 2022	84.367	58,218
Supporting Effective Instruction State Grants- 2023	84.367	<u>56,518</u>
Total Supporting Effective Instruction		<u>114,736</u>
Student Support and Academic Enrichment Program- 2022	84.424	27,123
Student Support and Academic Enrichment Program- 2023	84.424	<u>125,720</u>
Total Support and Academic Enrichment		<u>152,843</u>
COVID-19 Education Stabilization Fund - ESSER I- 2022	84.425D	4,655
COVID-19 Education Stabilization Fund - ESSER I- 2023	84.425D	60,135
COVID-19 Education Stabilization Fund - ESSER II - 2022	84.425D	895,585
COVID-19 Education Stabilization Fund - ESSER II - 2023	84.425D	120,731
COVID-19 Education Stabilization Fund - ARP ESSER III-2023	84.425U	3,390,201
COVID-19 ARP Homeless Round 2 - 2022	84.425W	2,037
COVID-19 ARP Homeless Round 2 - 2023	84.425W	<u>16,656</u>
Total Education Stabilization Fund		<u>4,490,000</u>
Passed Through Ohio Department of Education Consortium Lead Member On-Behalf Grants (Proportionate Member Share)		
Consortium Lead- Educational Service Center of Ohio		
English Language Acquisition State Grants- 2022	84.365	580
English Language Acquisition State Grants- 2023	84.365	<u>11,129</u>
Total English Language Acquisition		<u>11,709</u>
Passed Through Ohio Department of Education Partnership Member On-Behalf Grants (Proportionate Member Share)		
Partnership Lead- Educational Service Center of Ohio		
Comprehensive Literacy Development- 2022	84.371	619
Comprehensive Literacy Development- 2023	84.371	<u>16,752</u>
Total Comprehensive Literacy Development		<u>17,371</u>
Total U.S. Department of Education		<u>7,853,753</u>
Total Expenditures of Federal Awards		<u><u>\$9,584,664</u></u>

**BEDFORD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE E – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the program that benefitted from the use of those donated food commodities.

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Bedford City School District
Cuyahoga County
475 Northfield Road
Bedford, Ohio 44146

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Bedford City School District, Cuyahoga County, Ohio (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 10, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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


District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying schedule of findings. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

September 10, 2025



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Bedford City School District
Cuyahoga County
475 Northfield Drive
Bedford, Ohio 44146

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bedford City School District's, Cuyahoga County, (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the Summary of Auditor's Results section of the accompanying schedule of findings.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

September 10, 2025

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**BEDFORD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	AL #84.425 – COVID-19 Education Stabilization Fund Child Nutrition Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

**BEDFORD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023
(Continued)**

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

FINDING NUMBER 2023-001

Bank Reconciliations- Significant Deficiency

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Treasurer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board is responsible for reviewing the reconciliations and related support.

Due to deficiencies in its reconciliation process and the controls over that process, the District did not complete accurate, monthly bank reconciliations during the audit period. As of June 30, 2023, the District had an unreconciled balance totaling \$1,457,433 on its bank reconciliation, where the book balance exceeded the bank balance. The District engaged an external accounting firm to assist in identifying the reconciling items. Subsequently, an adjustment was made that effectively reversed this position, resulting in the bank balance exceeding the book balance as of year-end. Despite this, \$321,083 of unknown and unreconciled items remained on the District's bank reconciliation at that time. The District has continued working with the firm beyond the audit period to resolve additional reconciling items. Failure to fully reconcile monthly increases the possibility that the District will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

Additionally, the District's bank reconciliations contained 80 outstanding nonpayroll checks and 20 outstanding payroll checks, totaling \$55,915 and \$10,932, respectively, that were greater than one year old, dating back to January 2019. The District has not established a fund for unclaimed monies. Failure to establish a fund for unclaimed monies and not removing stale checks from the bank reconciliation in a timely manner could lead to the District to unnecessarily track old outstanding checks and make the reconciliation process more cumbersome.

The Treasurer should ensure cash reconciliations are prepared on a monthly-basis and all variances are investigated, documented and corrected promptly. In addition, the Board should review the monthly cash reconciliation including the related support (such as reconciling items) and document their reviews.

Also, the District should establish a policy which sets a reasonable amount of time for carrying outstanding checks on their reconciliation. After the established time, the check(s) should be voided and the checks should be held in an unclaimed monies fund in accordance with Ohio Rev. Code § 9.39 and Auditor of State Bulletin 91-11.

Officials' Response: District contracted the bank reconciliations out to Julian and Grube at the April 6, 2023 Board Meeting. They have since identified reconciling items and the Board approved to expense the reconciliation balance that was carried forward from 5/2021 to 6/2024 on June 26, 2025.

**BEDFORD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

SCHEDULE OF FINDINGS

2 CFR § 200.515

JUNE 30, 2023

(Continued)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

4. OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS or Single Audit Compliance and Controls reports.

FINDING NUMBER 2023-002

Improper Payroll Related Payments- Findings for Recovery

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

The law requires employers to withhold taxes from employees’ paychecks and remit those taxes to the government. For example, the United States Internal Revenue Code mandates that employers deduct the employees’ share of FICA taxes and individual income taxes from their wages. See 26 U.S.C. §§ 3102(a) and 3402(a). These withheld amounts are considered to be held in “a special fund in trust for the United States.” 26 U.S.C. § 7501(a). Employers are liable for the withheld portion of the employee’s wages and must remit the full amount to the government each quarter. See *United States v. Farr*, 536 F.3d 1174, 1176 (10th Cir. 2008).

The District failed to remit payments by the necessary deadlines to the Internal Revenue Service (IRS) for income tax withholdings in the first quarter of 2023, resulting in penalties and interest charged to the District, totaling \$11,751.21.

Additionally, the District approved Treasurer William Parkinson’s contract to include 25 vacation days each contract year, with an option to receive a payout each August of any remaining days (paid as a per diem) to be paid out prior to that contract ending. Mr. Parkinson was paid the remaining vacation days available in his leave balance at termination. For the payroll checks issued January 27, 2023 and August 2, 2022, Mr. Parkinson was paid for the same 12.25 days that were remaining from his contract ending August 31, 2022. As a result, an overpayment of \$7,484.63 occurred.

The District could have avoided the interest and penalties had it promptly remitted its employee tax withholdings. Additionally, by making duplicate leave payments for the same vacation days, the District further contributed to the misuse of public funds. Consequently, these expenditures do not serve a proper public purpose.

In accordance with the foregoing facts and pursuant to Ohio Rev Code § 117.24, a Finding for Recovery for public monies illegally expended is hereby issued against Former Treasurer William Parkinson and Travelers Casualty and Surety Company of America, jointly and severally, in the amount of \$19,235.84, and in favor of the District’s General Fund.

**BEDFORD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

SCHEDULE OF FINDINGS

2 CFR § 200.515

JUNE 30, 2023

(Continued)

Officials' Response: The district entered into a contract with the Shared Service Alliance to help assist and train newly hired payroll employees to ensure that taxes are filed timely and correctly. Vacation payout days are now administered correctly and recorded as soon as payment is made to the employee.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR § 200.511(b)

JUNE 30, 2023

2022-001 Unreconciled Items- Bank Reconciliations

The District now has its reconciliation up-to-date and is correcting discrepancies in a timely manner. Additionally, the District has taken steps to correct any outstanding issues and help going forward by hiring a third-party firm to assist the District in completing its monthly bank reconciliations. The District recognizes the importance of an accurate and timely bank reconciliation. Regarding the outstanding checks, the District implemented procedures to review outstanding checks and take them to the Board for approval to move to unclaimed funds per Ohio Rev. Code § 9.39. The district received board approval to expense the outstanding balance on June 26, 2025 and was done in the following month.

Corrective Action Taken and Finding is Fully Corrected.

2022-002 Unauthorized Transfers- Noncompliance

The district is now in compliance and no Transfers are performed without prior board approval.

Corrective Action Taken and Finding is Fully Corrected.

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CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2023

Finding Number:	2023-001
Planned Corrective Action:	District contracted the bank reconciliations out to Julian and Grube at the April 6, 2023 Board Meeting. They have since identified reconciling items and the Board approved to expense the reconciliation balance that was carried forward from 5/2021 to 6/2024 on June 26, 2025.
Anticipated Completion Date:	6/26/2025
Responsible Contact Person:	Taylor Friedrich
Finding Number:	2023-002
Planned Corrective Action:	The district entered into a contract with Shared Service Alliance to help assist and train newly hired payroll employees to ensure that taxes are filed timely and correctly. Vacation payout days are now administered correctly and recorded as soon as payment is made to the employee.
Anticipated Completion Date:	11/1/2024
Responsible Contact Person:	Taylor Friedrich

OHIO AUDITOR OF STATE KEITH FABER



BEDFORD CITY SCHOOL DISTRICT

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 9/25/2025

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov