



Dave Yost • Auditor of State

CITY OF BEDFORD
CUYAHOGA COUNTY

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Dave Yost • Auditor of State

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

City of Bedford
Cuyahoga County
165 Center Road
Bedford, Ohio 44146

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bedford, Cuyahoga County, (the City) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 26, 2017.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Lausche Building, 615 Superior Ave., NW, Twelfth Floor, Cleveland, Ohio 44113-1801
Phone: 216-787-3665 or 800-626-2297 Fax: 216-787-3361

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City's Response to Findings

The City's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the City's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

June 26, 2017

**CITY OF BEDFORD
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016**

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

1. Utilities Department Controls

<i>Finding Number</i>	2016-001
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MATERIAL WEAKNESS

The City of Bedford purchases water in bulk from the City of Cleveland through Master mains and then distributes the water to City residents through the City's mains. All water users are billed for the consumption of water on a monthly basis. Additionally, users are billed for sanitary sewer service based on consumption as well. The City receives payment through the municipal center parking lot lock box, through the mail, over the counter at the Municipal Center, via checking or savings account EFT, or credit card / electronic check payments received through the City's website. As part of this process, the City receives a significant amount of cash on a daily basis. Significant cash collection points require strong internal controls to prevent the loss of assets through misappropriation.

During 2016, the City discovered irregularities between deposits of utility department receipts that indicated cash received by the City was not being deposited to the bank. During the year, the Utilities Department performed daily reconciliations, but they were not adequate and not available for daily Finance review and did not summarize daily activities, reconciled cash on hand or reflected cash overages or shortages and the reasons for them. Adjustment reports were not reviewed by someone independent of the cash collection process. Since the discovery, the City has overhauled their control procedures over water and sewer receipts. Daily reconciliations are performed and are presented with daily reports to the Finance Department for review. Additionally, cash and check payments are separated and only cash deposits are included on the register. The Service Director oversees the department and approves adjustment reports and voided transactions in the system are deactivated to not allow unauthorized reversals.

Failure to fully implement adequate controls over cash collection points can allow errors or theft to go undetected and could allow a misstatement of financial statement amounts.

We recommend the City continue to review their control procedures over the utilities department and other departments where cash transactions are involved to ensure proper separation of duties, cash reconciliations and management review and oversight. The City should ensure their Utility system is adequate for the needs of the City, and any built-in controls and safeguards are fully utilized. Additionally, the City should consider a system of in-house processing of checks, which would decrease the risk associated with an employee being responsible for taking checks to the bank. There is an ongoing investigation at the City regarding the receipting process.

Official's Response:

After the AOS recommendation in the prior year regarding daily reconciliations, the City immediately responded and implemented procedures to better oversee this activity, which helped lead to the discovery of the theft. The City has been working to change their overall control procedures in this area. Changes have included prohibiting voided transactions in the system, the separation of the cash and check transactions in the register, and review of reconciliations provided with daily receipt documentation. The City is already working to implement an in-house check processing system for utility and income tax payments. The City is also working with the utilities system provider to help better secure access to the system.

City of Bedford, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2016
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CITY OF BEDFORD OHIO

June 26, 2017

Honorable Mayor Stan Koci
Members of City Council
Citizens of Bedford, Ohio

We are presenting to you the City of Bedford's (the City) Comprehensive Annual Financial Report (CAFR). This report enables the City to comply with the Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38 which requires the cities reporting on a GAAP basis to file an unaudited annual report with the Auditor of State within 150 days of the fiscal year end.

The Comprehensive Annual Financial Report of the City of Bedford, Ohio, for the year ending December 31, 2016 is submitted herewith. The City, and more specifically the Department of Finance, assumes responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures contained within this report. The accuracy and completeness of the data, is based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City. We have included all disclosures necessary to enable the reader to gain an understanding of the City's financial activities.

Ohio law requires independent audits to be performed on all financial operations of the City either by the Auditor of State or an independent public accounting firm, if permitted by the Auditor of State. The Auditor of State, has issued an unmodified ("clean") opinion on the City of Bedford's financial statements for the year ended December 31, 2016. The Independent Auditor's Report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The City has reviewed its reporting entity definition in order to ensure conformance with GASB Statement No. 14, "The Reporting Entity" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34". In evaluating how to define the City for financial reporting purposes, management has considered its relationship with all departments, boards and agencies that make up the City of Bedford. For the City of Bedford, this includes police, fire, rescue, recreation programs, street maintenance and repairs, sanitation, water, wastewater treatment, storm water, municipal court and general services.

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165 CENTER ROAD • BEDFORD, OHIO 44146 • (440) 232-1600

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The Bedford City School District, Bedford Community Development Corporation, and the (Greater Cleveland) Regional Transit Authority have not been included in the accompanying financial statements. The boards of these entities are not appointed by the City, nor is either fiscally dependent on the City of Bedford.

The Southeast Regional Council of Governments is a tax exempt independent Council of Governments (COG) with legislative oversight provided by the Mayors of Maple Heights, Bedford Heights, Garfield Heights and the City Manager of the City of Bedford over the “Southeast Emergency Communications Center” (SECC). The SECC is an independent entity that consists of an Administrative Board of the Chiefs of Police and Fire for the purpose of providing regional 911 Dispatch Emergency communication functions. The SECC hires an administrator, a treasurer and Law Director to handle daily oversight of 911 Dispatch operations.

History of Bedford and Form of Government

The City of Bedford, located in northeastern Ohio and southeast of Cleveland, has a good mix of business and industry as well as a long established residential community, and covers 5.6 square miles. The City’s 2010 estimated population from the Federal census was 13,074. The City was first established as a township in 1797 and became a village in 1837. It was incorporated as a City under Ohio law in 1932 and operates under its own charter, which was adopted that same year. The Charter provides that the City operate under the Council/Manager Form of Government. The City Manager, Law Director, Clerk of Council and Director of Finance are appointed by the seven-member elected Council. The City Manager is the Chief Administrative Officer of the City.

The City Manager, under the City Charter, has the authority to appoint and to remove all other administrative officers and employees. Other administrative officers include the positions of Directors of Service, Public Works and Recreation. Also, appointments to Building Commissioner and Police and Fire Chiefs are under his authority. The Police and Fire Chief also follow the Civil Service Commission appointment rules and procedures.

City Council holds its regular bi-monthly council meetings on the first and third Mondays of each month, with the exception of summer months when the City Council meets once a month, scheduled by Council before the summer months. The Charter provides procedures for special or emergency meetings, if the need arises. The City Manager, Director of Finance, Law Director and Council Clerk attend all council meetings. City Council generally meets in Committee of the Whole on these scheduled Monday evenings prior to the council meetings.

The Police Department enforces local, state, and federal laws in addition to protecting citizens and their property. The department has taken a more community oriented policing approach that has met with great success. Numerous programs are offered to citizens and students. The department, which is headed by the Chief of Police, consists of jail operations, animal control, auxiliary police, as well as a staff of patrol officers. Administrative services consist of secretaries, school guards and community service programs such as drug use prevention and the juvenile diversion program. While promoting regionalism, in 2016 the animal control services also included the neighboring City of Bedford Heights. The Police Department is located adjacent to City Hall. The City formed a Regional Council of Governments between Bedford, Bedford Heights, Garfield Heights, and Maple Heights to provide 911 dispatch services. The operations of the dispatch center will be provided by the Southeast Emergency Communications Center (SECC). Most of the equipment and communication costs are expected to be funded through grants.

The Fire Department provides fire protection and emergency medical services (paramedic) to City of Bedford citizens, as well as placing strong emphasis on community involvement and education. A Chief and his assistant lead the department. A fire prevention officer focuses on the reduction of potential fires and loss of property within the City. The fire facility is located in a separate facility in front of City Hall. The Fire Departments of Maple Heights, Bedford Heights and Bedford are promoting regionalism by coordinating their departments to respond to fire calls together providing more manpower at fire alarms. Also the resources of a fire pumper and ladder truck have been reallocated for better response time and may allow less equipment to be purchased in the future, saving taxpayers money. The Fire Chiefs have initiated better services while not increasing any costs to our citizens.

The Service Department is comprised of several divisions administered by the Service Director and a Public Works Superintendent. The Service Department is responsible for the maintenance of all City vehicles, street signs, and snow and leaf removal. The City purchases water in bulk from the City of Cleveland through master meters and then distributes the water to City residents through the City's water mains. The City owns and maintains the water mains and bills all water users for the consumption of water on a monthly basis. The City will continue to invest heavily in the improvement of its water system to tighten it from leaks or any loss of water in the system. Therefore, billings to the public in line with payments for water usage to the City of Cleveland will be more accurate and collections increased. Another service provided is the storm/sanitary sewers maintenance for proper drainage control. The department assists with the writing of recycling grants and overseeing the contractors that collect waste and process recyclables. The Parks Division is also under the direction of the Service Department and maintains the City parks. The City utilizes the services of a forester to monitor tree plantings and removal of trees throughout the City. The City has received the award of Tree City, U.S.A., sponsored by the National Arbor Day Foundation in cooperation with the U.S. Forestry Service.

The Service Department is responsible for all non-contractual street repairs. The City also owns and operates one cemetery.

The Recreation Department in addition to the basic services continues to offer superior recreational facilities for its residents. The City operates four municipal playgrounds and tot lots, Hutchinson soccer/baseball/football fields, a swimming pool, the Ellenwood Recreation and Senior Citizens Center (a former grade school building which has been converted to a municipal recreation and senior citizen activity center). Included within the parks are the usual sports, playground and picnic facilities. The City abuts the Cleveland Metroparks – Bedford Reservation Nature area. This provides even more recreational facilities including horseback riding trails, walking, hiking and biking trails and golf. The Recreation Department provides numerous courses and programs throughout the year. During summer months, the department operates the pool located on Lamson Drive where swimming lessons are also offered. The City owns the skateboard park also located on Lamson Drive.

The Director of Economic and Community Development (currently the City Manager) is responsible for promoting the City to businesses while creating jobs and development within the City. This department also has the responsibility of writing grants for all major projects to achieve proper funding levels. The department is heavily involved in community programs for the citizens throughout the year. Community programs include The Bedford Falls Winter Festival, summer concerts on the Town Square, the Children's Fall Festival, the Pooka arts program, the City newsletter, Bedford Arts and Cultural programs and the coordination of the Outdoor Produce Market.

The Finance Department is responsible for the accurate recording of all receipts and disbursements. The department issues bi-weekly payrolls, personnel issues, monitors debt payments, and maintains a capital asset system. The department compiles the annual budget, prepares the Comprehensive Annual Financial Report and assists the Mayor, City Council and City Manager in all financial decisions.

The Municipal Income Tax Department is responsible for the collection of the municipal income tax from 6,600 resident returns, 2,499 business net profits returns and the collection from 1,083 withholding accounts from businesses within the City. The department offers on our website, <http://www.bedfordoh.gov> an award winning free on-line municipal income tax preparation program, credit card and electronic check tax payments, as well as free preparation in-house service for the municipal income tax returns.

The Law Department advises the Mayor, Council, the City Manager and all departments on legal matters concerning the City. The department prepares all contract, legislation and legal documents. The Prosecutor is the Law Director and the law department has an assistant law director.

The Building Department is responsible for interpreting and enforcing all building codes in the City. The department issues permits and citations, conducts site inspections and licenses all contractors. The department works with qualifying residents to improve their housing through various CDBG housing grant programs. These programs provide funding for the purchase of homes, repairs and sale of homes to be reinvested again into the same programs. Depending upon the program, costs may be incurred to qualifying residents.

Business Incentives and creating Economic Development:

Footnote 20 titled “Tax Abatement Disclosures” are a requirement in our CAFR, based upon GASB Statement No. 77. This footnote disclosure focuses on lost tax dollars and the costs to government entities. The following will reveal the benefits derived from offering business incentives.

The City of Bedford allows tax incentives under four programs: the Enterprise Zone tax abatements (EZA), the Community Reinvestment Area (CRA), the Economic Development Job Creation and Retention Program, and non-tax revenue moving expenses. The EZA’s program has not been utilized in many years as its function is now limited to benefit businesses from abatement of real estate taxes. The CRA program performs the same function and is utilized instead. Only two of these programs effect public tax dollars the CRA incentives and the Economic Development Job Creation and Retention Program; therefore these are the only disclosed programs in Note 20.

All City business incentives start the above abatement processes with an application process from the business declaring their commitments of building improvements and/or job creation by moving their business into the City. Thereby, the business will improve an existing building or constructing a new building(s) to accommodate their new increased manufacturing, professional or retail establishment’s personnel and equipment. The City, after reviewing the applications, will accept, amend, or deny the business request based upon the criteria (minimum return on investment criteria) as stated in Footnote 20. Thus, a complete cost/benefit analysis is performed by the administration before making a decision on the businesses incentive request. The City makes public any decision to allow any incentives through an ordinance approved by City Council. When an agreement requires the City to have a Bedford City School District (BCSD) tax sharing agreement under section 5709.82 of the Ohio Revised Code, the City will enter into an agreement with the BCSD.

The City will budget in the corresponding years, any increases in municipal income tax revenue generated from the newly created jobs, and incorporate any increased real estate valuation taxes (non-abated taxes) into the budget as well.

The Cuyahoga County Appraisal Department under the County Fiscal Officer, assigns taxable values to new or improved commercial property improvements. This new or improvement valuation is used in conjunction with a contract between the City and the business to establish the dollar amount of abated valuation associated with the new construction and/or improvements.

Monitoring incentives:

The City of Bedford (Finance Director) is required by statute, to file online annually, by March 31st, all abatement information with the State of Ohio. This applies to each individual abatement contract and overall statistics of the EZA and CRA program related to the abatements granted. Information such as number of jobs created, retained employment, the amount of payroll related to increased jobs, real estate improvement dollars invested, income tax dollars generated from each and overall contracts.

The City of Bedford pursuant to various sections (5709 and 3735) under the Ohio Revised Code, established a Housing Council. This Housing Council consists of seven members: two are appointed by the Mayor, one member is appointed by the Planning Commission, two members are appointed by City Council and two are appointed from the other members of the Housing Council. They serve four year terms. Their purpose is to look at the property conditions of the businesses or residential properties that have been offered EZA or CRA incentives. Based upon the condition of the properties, they can recommend to the TIRC (see below) to continue, modify or deny the incentives. Annually, the Building Commissioner takes pictures of the properties for the Housing Council’s review. To date, all properties have been in good condition.

The City is also required to submit to a review of all CRA and EZA Contract agreements with the Tax Incentive Review Council (TIRC) annually in August. The TIRC is organized by Section 5709.85 (A) (1) of the Ohio Revised Code consisting of 7 members: one legislative appointee, one County Auditor (Fiscal Officer) appointee, one member of the Board of Education, the Chief Financial Officer of the City, and two

members of the public appointed by the Chief Executive Officer with concurrence of the legislative authority (City Council), with at least four members being residents of the City. The TIRC reviews the State of Ohio CRA/EZA form C's of each corresponding business incentive and votes to continue, request modification of the current agreement, decide that the business is non-compliant with their contract requirements, or if appropriate, let the incentives expire.

The TIRC presents its recommendations to the Bedford City Council at a public meeting and, by resolution, can accept, modify or reject the recommendations of the TIRC. City Council reserves the right to terminate abatements and incentives when businesses are not in compliance. City Council's Goals and strategic plan as they review/and or approve these incentives and recommendations are to maintain Bedford's competitiveness as a site for location of new businesses and the expansion of existing businesses, create and retain jobs, and increase real estate values, for tax purposes. The economic effect of these incentives are immediate when increasing jobs as municipal income taxes increase, however, for the most part the positive economic effects from collection of real estate taxes, will be in the future.

The following is a 5-year depiction of the dollar amounts The City of Bedford has and will realize from increased taxes afforded from business incentives:

CRA Agreement's - Real Estate Taxes:

	2016	2017	2018	2019	2020
Manufacturing	\$196,698	\$190,120	\$190,120	\$190,120	\$190,120
Retail Establishments	24,370	39,637	39,637	39,637	39,637
Professional Buildings	5,987	5,987	5,987	5,987	5,987
Total	<u>\$227,055</u>	<u>\$235,744</u>	<u>\$235,744</u>	<u>\$235,744</u>	<u>\$235,744</u>

CRA, Economic Development Job Creation and Retention Program and Moving Expenses -

*** Annual Municipal Income Tax Increases in relation to newly created jobs:**

	2016	2017	2018	2019	2020
Manufacturing	\$287,090	\$392,176	\$407,028	\$422,455	\$438,479
Retail Establishments	318,511	329,601	341,096	353,014	365,369
Professional Buildings	461,592	477,613	494,225	511,452	529,317
Total	<u>\$1,067,193</u>	<u>\$1,199,390</u>	<u>\$1,242,349</u>	<u>\$1,286,921</u>	<u>\$1,333,165</u>

* Estimated Payroll increases at 2 percent per year.

The total increases in revenue expected annually from business incentives, are obtained by adding both schedule subtotals.

Number of jobs created and projected from all programs noted above:

	2016	2017	2018	2019	2020
Manufacturing	275	325	365	425	485
Retail Establishments	295	308	308	308	308
Professional Buildings	443	458	458	458	458
Total	<u>1,013</u>	<u>1,091</u>	<u>1,131</u>	<u>1,191</u>	<u>1,251</u>

Jobs Created Schedule projections were based upon State of Ohio CRA forms filed and business incentive application projections.

Economic Condition and Outlook

The City established an Enterprise Zone, which included all land within the boundaries of The City of Bedford in April of 1990. The City established a Community Reinvestment area in 1997 and updated this in 2005, which included all land within the boundaries of the City of Bedford. The establishment of the Enterprise Zone and the Community Reinvestment area gave the City the ability to maintain and expand business located in the City and created new jobs.

Art of Beauty a company located in the Tinkers Creek Commerce Park Development, added \$6.1 million in real estate improvements to the property, and transferred 45 employees immediately to the site and is expected to create 50 more jobs within 6 years per their community reinvestment area agreement (CRA).

The Hemisphere Corporation and Hull and Associates completed construction building a new headquarters on this site at a cost of \$3.2 million and additionally added \$600,000 in furniture & fixtures.

The City, on December 21, 2015 updated the CRA abatement agreement contract with Hemisphere Development, LLC and Hull and Associates, Inc. Within a period not to exceed 8 years from this agreement to retain 30 existing jobs at the project Site and create 3 new full time jobs. Current annual payroll retained of both companies is \$1,923,605 and the three jobs are estimated to create an additional \$180,000 in additional payroll.

In November 2009, Cuyahoga County was the recipient of a \$2.5 million Clean Ohio Revitalization Fund grant that will be used to conduct remediation activities at the Ben Venue site.

Ben Venue Laboratories/West-Ward/Xellia Pharmaceuticals

From 1996 to present, Ben Venue approached the City for abatements in the Community Reinvestment area, regarding Real Estate development and tax exemptions to be able to conduct various expansion projects. Ben Venue stopped production of all products within the 1 million square foot of manufacturing area at the end of 2013.

The City's worked with the new purchaser of this facility, West-Ward Pharmaceuticals a company that is utilizing the Lab Office Building complex for the research and development. At the year- end 2016, West-Ward pharmaceuticals had 61 employees on site. West-Ward pharmaceuticals sold four of the buildings to Xellia Pharmaceuticals late in 2015, with the assistance from the State of Ohio offering business incentives.

Xellia in 2016, has started and completed some construction on the facilities to allow distribution of products and is expected to start distribution of products and hire up to 170 employees by year-end 2017. Currently at the beginning of 2017 there are 105 employees at this site.

The Penske Auto Group Improvements

As stated by the Penske Auto Group administration:

“Penske Automotive Group has collectively decided to double down on our commitment to the Bedford Automile and gentrify over 22 acres of automotive retail space bridging Audi, Toyota, Scion, Smart and Mercedes Benz of Bedford. Additionally, we will double the size of our Bedford Collision center through the acquisition of the long abandoned facility formerly known as Sterling Auto Body. We had the opportunity to relocate our entire footprint but given the natural gravity of the Automile, the expense of rebuilding, and our intent to reinvest rather than leave behind a trail of blight we are planning to put nearly \$10m of capital expenditure into our existing facilities (\$3m Audi, \$3m Toyota, and \$4m Mercedes Benz). This will ensure five fully factory compliant facilities are in Bedford for the foreseeable future. Our employment and revenue projections increase by nearly 15 percent in the first year and by as much as 30 percent in the subsequent two years. Nowhere in the state of Ohio is there a larger aggregation and selection of brands for customer selection. It truly is a unique nameplate in northeast Ohio to be able to claim you're a member of the History Bedford Automile.”

The Penske Auto Group made improvements at the Audi Dealership in the amount of \$14,039,359 and now has 67 jobs on the site. The level of real estate investment on the Toyota site was \$9,936,797 and now has 101 employees on this site at year end.

The Ganley Auto Group – Bedford, Ohio

As stated by the Ganley Auto Group administration:

In July 2012, Ganley Chrysler Jeep Dodge Ram moved into newly-renovated facilities that previously housed Ganley Lincoln of Bedford (closed in January 2012.) The cost of renovations excluding investments in equipment, furniture and signage amounted to over \$1.4 million.

In July 2013, Ganley Subaru of Bedford relocated to 123 Broadway, the former Chrysler Dodge Jeep Ram store. The facility was renovated and is expected to be the first Eco-Friendly Subaru store in Northeast Ohio. The cost of renovations was constructed at an estimated \$1.5 million.

When Subaru relocated from its current location at 240 Broadway, the existing building became a Certified Used Vehicle Sales and Service Center for Ganley Volkswagen of Bedford. In 2017, this facility is being renovated to become Ganley Alfa Romeo Fiat and will be completed in April 2017. Construction costs are projected at approximately \$1.0 million.

In 2015 and 2016, Ganley Real Estate Co. purchased additional parcels across from the Ganley Chrysler Dodge Jeep Ram facility for additional new and used vehicle storage. Total acquisition costs were approximately \$500,000.

The above projects will expand employment in Bedford over the next several years by 30 to 40 additional full-time employees.

The Ganley Real Estate Co. finished constructing a new approximately 34,000 square foot (\$4.4 million) building and expanded its Volkswagen operations in 2007. The company purchased \$1,050,000 in new machinery and equipment, \$75,000 in furniture & fixtures and \$5,856,514 in new inventory. Almost \$1 million was invested in a retaining wall to solidify the land behind the development in addition to the building improvements. The total investment was more than \$6 million. Equipment being transferred from another City was total \$600,000.

The Ganley Real Estate Co., owning both Volkswagen and Subaru created 61 and 53 new jobs respectively and retained the 42 jobs already existing in Ohio for an additional payroll of \$4.8 million to the City.

The Ganley Real Estate Co. finished constructing in 2007, a new approximately 8,100 square foot building to expand its Subaru operations (the previously occupied building). The company invested approximately \$4 million in buildings and service center, site work, new machinery and equipment, furniture & fixtures and inventories. The Company created 36 new jobs and created an additional payroll of \$1.9 million. The City utilized our Jobs creation program in lieu of abatement affecting the school district as an incentive to do business in the City. The City granted 6 years of non-tax dollar incentives based upon the payroll amount and income taxes paid reported at year-end.

Major Initiatives

The City in 2016, issued five year (5) general obligation bonds in the amount of \$1,400,000 through Huntington Bank at 2.10 percent interest rate. These bonds were issued to pay for the replacement of residential and some commercial water meters to be installed in 2016 and 2017.

Various waste water improvements were completed in 2016. The wastewater plant improvement projects borrowed for in 2013 are being completed in 2016 and 2017.

The City refunded the 2006 General Obligation Bonds through Key Bank at an interest rate of 2.18 percent from June 1, 2017 through December 1, 2026 on September 6, 2016. The net present value savings from this issue was \$546,651. The cash flow savings from this refunding is \$613,018.

Future and completed projects that required the City to apply for various grants are:

The City placed Issue #1 on the May 2, 2017 ballot. The issue was successfully passed by the voters and raises the municipal income tax rate from 2.25 percent to 3 percent with a credit increase cap from 1.5 percent to 2.25 percent. This income tax increase is projected to generate additional income tax revenues in the general fund by \$1.8 million in 2018 and \$2.4 million in 2019.

The City is facing continued significant cuts in revenue passed through from the State of Ohio. This included three of the City's larger revenue sources: Inheritance (Estate) taxes will no longer be collected as of January 1, 2013 and will cost the City an additional \$499,380 per year. The local government fund was reduced 50 percent after 2012 and thereafter. This led to a loss of revenue in the amount of \$442,000 thereafter. Finally, the last loss of revenue from the personal property and the CAT were eliminated starting in 2012 at a reduction of revenue totaling \$463,997 per year. These cuts from the State required the City to make an additional \$1,620,000 in adjustments to its current and future budgets.

In 2015, The City's income tax revenue collections were effected from the closing of the City's largest taxpayer, Ben Venue Laboratories in the amount of 2 million dollars in withholding taxes. The City's lack of this revenue versus expenditures in 2015 resulted a \$1.94 million shortfall in 2015. The shortfall for 2016 was reduced to \$683,762 due to the implementation of a refuse fee of \$14 per household creating a reduction of expenses in the general fund of \$671,048 per year along with reductions in spending.

Various types of grants received in 2016:

The City was awarded grants in 2016 from the U.S. Department of Justice for the continuation of the South East Area Law Enforcement narcotics program the total amount of grant funds received in 2016 was \$166,179.

The program utilizes grant funding, matching funds, program income of confiscated funding, and Federal stimulus money to continue the program. This program assists the police monetarily in their efforts to arrest those that sell or use illegal drugs. This program has led to various arrests and items have been confiscated including currency. This year's confiscated dollars were \$110,544 and \$54,341 in 2015.

These funds were utilized to reconstruct the addresses of: 741 Washington Street, 775 Lincoln Ave, 831 Lincoln Blvd., and 166 Woodrow Ave. Additional costs will be assigned to these houses as incurred (real estate taxes, utility payments, etc...). The sale of these houses sold for \$162,900 in 2016 and \$88,000 in 2015. The City will utilize these funds on Park improvements and demolition of dilapidated housing.

The City received other grants not from stimulus funds as follows:

- The Fire department was awarded a FEMA SAFER Grant 2014-2015 in the amount of \$607,999, for two years and it will pay for three fire fighters. The City received \$284,632 from this grant in 2016. The City in 2013-2014 received a grant in the amount of \$359,174 for two years and it pays for two fire fighters to be added to the department. This addition of employees will allow the Fire department to operate two ambulance squads instead of one.

Other projects:

- The street lighting rate of millage was increased in the 2016 tax budget for collection in 2017 to 1.5 mills due to decreases in valuation of City property. Cuyahoga County performed its six-year reappraisal of industry and residential property values in 2015. Due to the economy and housing foreclosure problems, the county estimated that the collections on real estate taxes for tax year 2016 would have a delinquency rate of at least 7.11 percent. Actual collections were better as stated below.

Estimated real estate collections in (000's) for the General Fund were as follows:

General Fund estimated Real Estate Collections (000's)

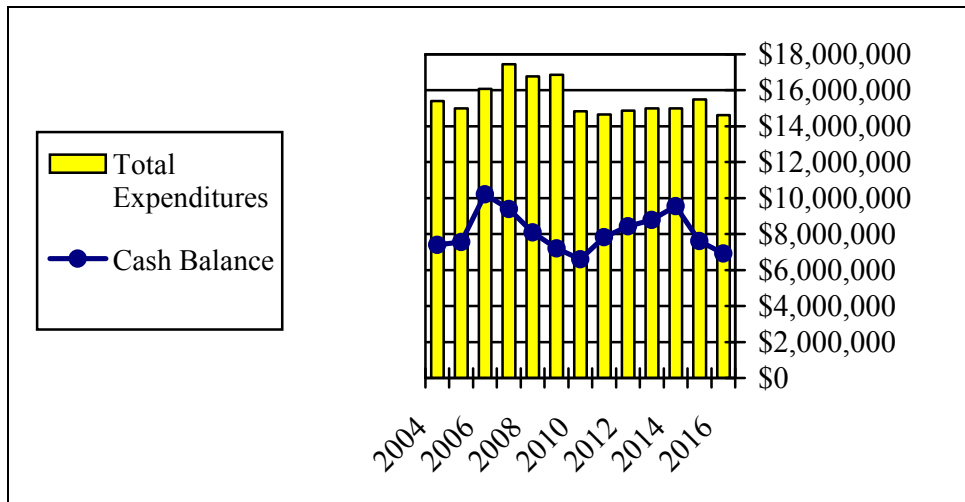
	<u>At 100 Percent</u>	<u>Estimated</u>	<u>Actual</u>
2009 for Collection in 2010	\$2.573	\$2.414	\$2.487
2010 for Collection in 2011	2.523	2.381	2.462
2011 for Collection in 2012	2.521	2.280	2.182
2012 for Collection in 2013	2.000	2.000	2.200
2013 for Collection in 2014	2.216	2.073	2.118
2014 for Collection in 2015	2.238	2.081	2.113
2015 for Collection in 2016	2.116	1.904	1.899
2016 for Collection in 2017	2.075	1.928	

- The Tax Department utilized the innovation award winning on-line income tax preparation system for the past twelve years throughout the 2016 tax season. Taxpayers and professional tax preparers were able to complete accurate returns with software that simplified the preparation process. The users of this system found it accurate and available for use 24 hours a day. The program allows the taxpayer convenience of this preparation in the comfort of their home or office.
- The Bedford Fire Department performed 1,944 ambulance runs in the year 2016 and 1,980 in 2015. The ambulance runs generated reimbursement revenue in the total amount of \$423,967 in 2016, and \$432,014 in 2015. The City pays a 7 percent administrative billing fee to Great Lakes Billing Company on an annual basis.

Financial Information

Long-term financial planning

As you can see from the following graph, the general fund ended the year with a budgetary cash balance of \$6,929,029. The 2016 ending operating cash balance represented 48 percent of the total general fund expenditures (including transfers) or 173 days of general fund operating expenditures. This cash balance falls above the City's general fund balance written policy and to the rating agencies of maintaining a minimum required balance of \$5.8 million dollars in the general fund.



The City has completed an updated master and strategic plan for future projects and needs.

Accounting Policies and Budgetary Control

The City of Bedford utilizes automated governmental accounting software developed and licensed by Software Solutions Incorporated (SSI). This software controls budgetary, accounting, payroll and capital assets. The City utilizes a software package for utility billing developed by Fund Balance Inc.

The City of Bedford’s accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein. These funds are segregated for the purposes of carrying on specific activities or attaining certain objectives in accordance with the special regulations, restrictions, or limitations. Generally Accepted Accounting Principles (GAAP) determines the type of funds used.

The annual budget serves as the foundation for the City of Bedford’s financial planning and control. The level of budgetary control is at the department level. All non-fiduciary funds are budgeted annually. The City also controls its expenditures at levels of personal services and all other expenditures as required by the City’s Charter. The City did have amendments to the original appropriations ordinance to account for fewer funds and increased grants received during 2016. Pursuant to GASB 54 classification of funds, the following funds were closed and rolled into the general fund as departments starting in 2017: the economic development fund, the recreation fund and the cemetery fund.

The Finance Director is authorized to transfer appropriations between line items within the personal services and all other expenditure levels within a department. Any increase in the total appropriation for a department or transfers between levels within a department must be approved by City Council. The City’s fully automated financial system maintains the budgetary control through its purchase order/encumbrance feature. The purchase order, required before making any purchase, is reviewed for certification of the availability of funds and the estimated expenditure is encumbered against the available appropriation. Encumbrances, which would exceed the available appropriation, are not approved or recorded until City Council authorizes additional appropriations. Encumbrances do not lapse at year-end and are a reserve of fund equity, which is carried forward into the next year.

Some major budgetary initiatives that had a significant impact on the current financial statements:

- Reduced funding from the State revenue sources (inheritance taxes, local government funding) and again reductions in valuation from real estate sales causing the City to reduce spending on capital items such as police cruisers and service department equipment needed for operations.
- Reduced spending on debt service due to refunding of 2006 issue.

- Increased spending on installation of new water meters at a cost of \$1.4 million of debt over 5 years as stated earlier.
- Decreased spending on workers' compensation from retrospective rating savings in 2016 and 2017.
- Three additional fire fighter employees paid all year under Safer Grant funding.
- Reduced estimates for income tax collections due to non-production of goods and no employees remaining from Ben Venue (1,100). Also accounted for 61 new employees from West-Ward Pharmaceuticals, 105 jobs at Xellia Pharmaceuticals and 45 jobs from Art of Beauty.
- Leased 50-year billboard tower space to SBA telecommunications for \$950,000.

Internal accounting and reporting control

As part of its continuing commitment to excellence in financial reporting, the City utilizes a fully integrated, computerized financial accounting, budgeting and reporting system. Because the system is integrated, the financial and budgetary information maintained by the system is available to the City's management on a daily basis. The timeliness and accuracy of the information provided by the City's accounting, budgeting and reporting system provides each member of the City's management with a solid, informed financial basis for daily decision-making, performance evaluation and planning.

Financial Policies that had significant impact on the current year's financial statements:

The mission of the City is to develop, maintain and implement financial accounting policies and procedures to protect and optimize the financial resources of the City. The City provides a sound accounting system for safeguarding the City's assets through the recording and reporting of financial transactions according to mandated laws and guidelines of Federal law, Ohio Revised Code, Generally Accepted Accounting Principles (GAAP), and the City of Bedford's Codified Ordinances. The departmental goals are to develop sound fiscal policies, provide solid fiscal management for the City, maintain reserves and fiscal integrity, and protect the assets of the citizens of Bedford.

General Fund Balance Policy

The City has a formal general fund unassigned balance and reserve policy to maintain 15 percent of general fund's appropriations. The current reserve is set at \$5.8 million and with other current available funds at \$1,121,765. The \$5.8 million balance is earmarked to cover any future negative changes to our largest taxpayers.

Debt Policy

The City has a debt policy, which has been utilized recently and analyzed yearly.

The City refunded the 2006 General Obligation Bonds through Key Bank at an interest rate of 2.18 percent from June 1, 2017 through December 1, 2026 on September 6, 2016. The Net Present Value Savings from this issue was \$546,651. The cash flow savings from this refunding is \$613,018.

On February 15, 2017 Moody's Financial Services, downgraded the City's ratings from AA3 to A1. This was issued prior to the City placing the .75 percent income tax increase on the ballot on May 2, 2017, where positive financial results are expected immediately. Standard & Poor's rating of the City's long-term underlying (SPUR) remains at AA-.

The City issued and bid out a 5 year, \$1.4 million privately placed bond issue, for the replacement of water meters in 2016. Huntington Bank was the winning bid with a fixed rate of 2.10 percent. The City's Bond Rating was reviewed shortly in February of 2016, after the bond issue by Standard & Poor's Rating Services and the outcome was to lower the City's long-term rating and underlying (SPUR) rating to AA- from AA on the City's general obligation bonds.

In 2014, the City issued \$2,900,000 General Obligation Various purpose Refunding Bonds, Series 2014, to refund the City's outstanding Build America Bonds. The City received Aa3 and AA ratings from Moody's and Standard and Poor's, respectfully. The Moody's rating was a result of a downgrade. The present value savings as a percent of refunded bonds (assuming a reduced interest subsidy from the Federal Government, 32.48 percent of interest due) is 2.22 percent, and a full subsidy would be a present value savings of 0.73 percent.

Original issue premiums were obtained in the amount of \$168,913 with no original issue discounts. The true interest costs were 3.16 percent while the net interest cost was 3.29 percent. The all-in true interest cost was 3.34 percent, while the net present value savings was \$65,768.

Investment Policy

Cash management is a vital component in the City of Bedford's overall financial strategy. The primary objective of the City's investment activity is the preservation and the protection of investment principal. A prudent investment program is maintained to assure the overnight and over-the-weekend investments of all possible dollars, as well as longer term investments. In addition to the security of the investment, a major consideration is the timing of needed cash to pay City liabilities. Cash resources of all City funds are combined for maximum return and are invested in accordance with the Ohio Revised Code. The total investment income from governmental activities during 2016 was \$58,552, \$56,884 in 2015 and \$42,732 in 2014.

The City has established an Investment Board consisting of the City Manager, Law Director and Director of Finance. They meet weekly to plan investment strategy, utilizing cash flow analysis programs for maximum investment yield in line with cash flow needs and the City's investment policy. See Note 5 to the financial statements for risk analysis and details of investments.

Independent Audit

In accordance with Ohio law an annual independent audit is required to be performed on all financial operations of the City. These audits are conducted by either the Auditor of the State of Ohio or, if the Auditor permits, an independent public accounting firm. The Auditor of State of Ohio's office performed these services for 2016 and an unmodified opinion is presented in the financial section.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) award a Certificate of Achievement for Excellence in Financial Reporting for a Comprehensive Annual Financial Report. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting standards and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The 2015 CAFR received the Certificate of Achievement and we believe our current report will conform to the requirements and standards of the Certificate of Achievement Program. Thus, we are submitting the 2016 Comprehensive Annual Report to the GFOA for award consideration.

Acknowledgments

Successful preparation of a report of this scope depends upon the dedicated contribution of many employees. The sincere appreciation of those primarily responsible for its completion is extended to all contributors, but especially to those employees in the Department of Finance, to a greater extent Jonathan Lindow and the employees of the Local Government Services Section of the Auditor of State, which contributed significantly to the preparation of this report. Finally, the City Administration wants to extend its appreciation to the Mayor and City Council for their support and commitment to responsible fiscal reporting.

Postscript

The employees of the City of Bedford are proud of the community in which we work and live. We pledge our continued dedication to providing the highest possible level of service to the citizens of the City, and we commit ourselves to enhancing the quality of life that our residents have come to expect and enjoy.

Respectfully submitted,



Frank C. Gambosi, CPA
Finance Director



Michael S. Mallis
City Manager

City of Bedford, Ohio
List of Principal Officials
December 31, 2016

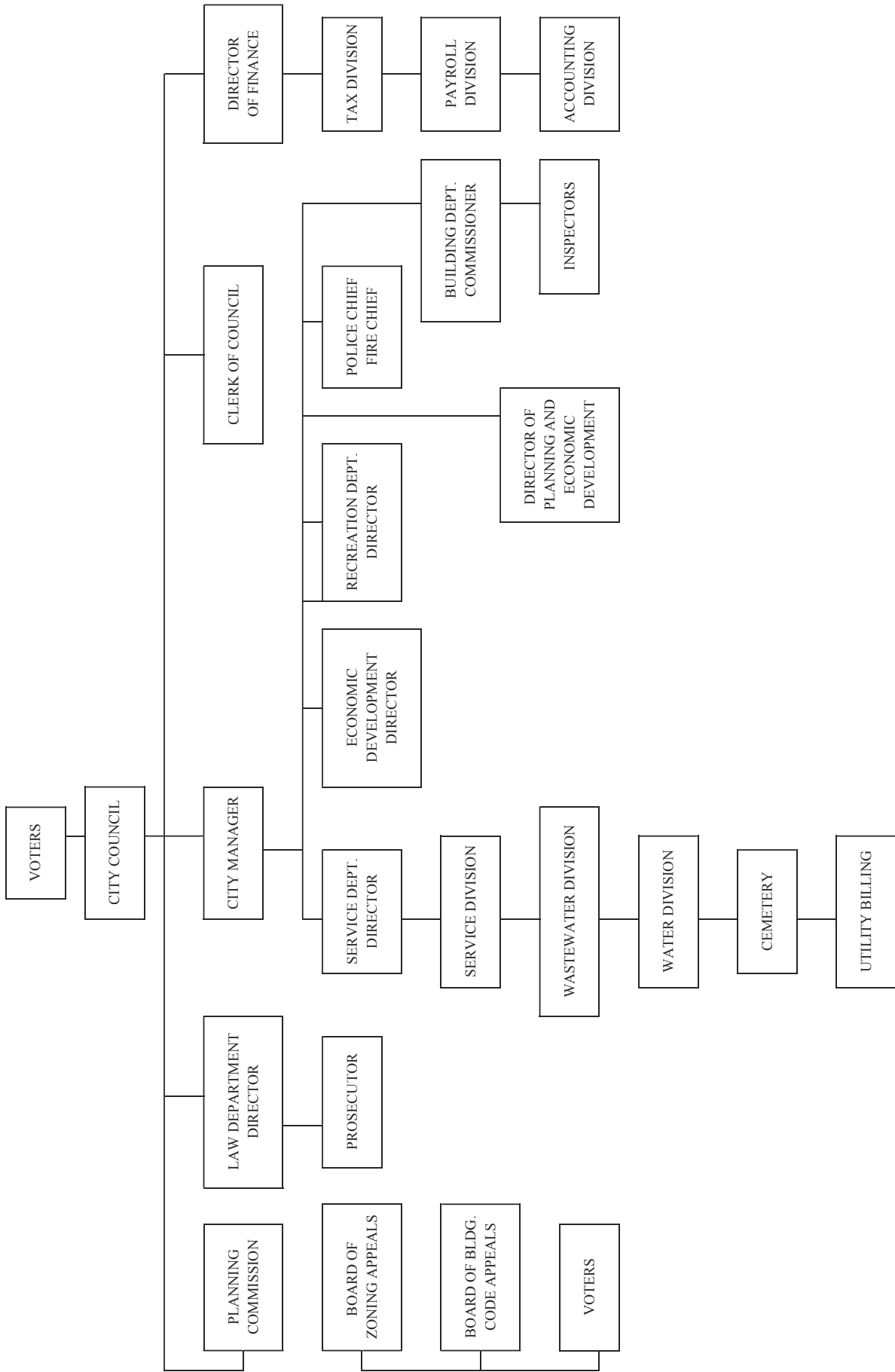
Elected Officials

Mayor.....	Stanley Koci
Vice Mayor	Paula Mizensak
Council Member	Marilyn B. Zolata
Council Member	Donald A. Saunders
Council Member	Walter Genutis
Council Member	Gregory E. Pozar
Council Member	Sandy Spinks
Presiding Judge.....	Brian J. Melling

Appointed Officials

City Manager	Michael S. Mallis
Director of Finance	Frank C. Gambosi
Law Director	John Montello
Clerk of Council.....	Lorree Villers
Director of Economic and Community Development.....	Michael S. Mallis
Building Commissioner.....	Calvin Beverly
Service Director	Clint E. Bellar
Superintendent of Public Works	Shawn Francis
Chief of Fire.....	David V. Nagy
Police Chief.....	Kris Nietert
Director of Recreation	Randall J. Lewis

**ORGANIZATIONAL CHART
CITY OF BEDFORD, OHIO**





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Bedford
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

City of Bedford
Cuyahoga County
165 Center Road
Bedford, Ohio 44146

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bedford, Cuyahoga County, Ohio (the City), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bedford, Cuyahoga County, Ohio, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Public Safety Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2017, on our consideration of the City'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

June 26, 2017

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City of Bedford, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

The discussion and analysis of the City of Bedford's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2016. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter and the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

- Total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of the current year by \$30,192,727 compared to \$31,533,258 at the end of 2015. These figures were reported pursuant to GASB 68 and 71 which includes a Net Pension Liability of \$22,495,132 and if these long-term transactions were not included in the financial statements the effect would have been to have a larger overall unrestricted net position of an additional \$18,186,337 in 2016. Also the same could be said, with a greater effect on the financial statements, for the governmental activities (\$8,611,530) in 2016 and (\$6,860,164) in 2015. Without the GASB 68 and 71 Net Pension Liability transactions, these amounts would have been a positive \$8,550,902 in 2016 and \$9,351,934 in 2015, which may have been used to meet the government's ongoing obligations to citizens and creditors provided it is expended or transferred according to the charter of the City of Bedford and/or the general laws of Ohio.
- The City of Bedford placed an income tax rate and credit allowance increase issue on the ballot May 2, 2017 (ISSUE 1). The increase and credit allowance was increased by .75 percent. The rates will increase as follows: the current tax rate in 2017 is 2.25 percent with a 100 percent credit allowance paid to another municipality up to 1.50 percent. The new rate starting January 1, 2018 will be 3.0 percent with a 100 percent credit allowance paid to another municipality up to 2.25 percent. This issue passed by a vote of 81 percent for the tax increase. This increase will allow the City to hire three additional police officers as well start a street resurfacing program and sidewalk program totaling \$400,000 per year. The increase is anticipated to generate \$1.9 million more in 2018, and \$2.5 million in 2019 towards the general fund operations, capital improvements and increased police security.
- Capital assets (depreciable) of governmental activities decreased by \$1,480,271, which represents a 6.18 percent decrease from 2015. Capital assets (depreciable) of business-type activities increased \$472,346, which represents a 2.84 percent increase from 2015. Overall capital assets increased due to current year acquisitions being more than current year depreciation. See above reference to tax increase allowing more infrastructure improvements and capital asset replacement.
- Total governmental assets decreased due to more depreciation expense versus increases to capital asset replacements funds, property valuation and corresponding property tax receivable decreases and no houses held for resale as they are all sold. Income tax collection delinquencies increased and attributes to the increase in income taxes receivable. The increase in special assessment receivables was due to the refuse fee assessed to each household for the collection of waste on the tax duplicate in 2015 and for the collection of waste in 2016. The real estate refuse collection delinquency rate approached 7 percent for 2016 collections. This attributed to larger special assessment receivables. The fee is \$14 per unit and the City pays for collection of waste up to 3 units. The reduction in intergovernmental receivables was due to State cuts in the commercial activity and local government taxes.

City of Bedford, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

- Total liabilities of governmental activities increased over 2015. This was mostly due to an increase in the long-term liability of the Net Pension Liability required by GASB 68 and 71. Otherwise, between the other amounts of long-term liabilities, specifically debt service due in more than one year from refunding and debt payments, long-term liabilities due within one year and the current liabilities, the total liabilities would have increased by only \$15,920. There was an increase in long-term payables which was due to the pension liability added due to GASB 68 and 71 payable to the State of Ohio's Public Employees Retirement system and the Ohio Police & Fire Pension system. The business-type activities total liabilities increased due to the same reporting reasons, and current liabilities decreased during the current year due to less accounts payable (water invoice amounts due at year end and decreases in wastewater projects costs).
- The total municipal income tax revenues for all funds in 2016 increased. However, the City's largest taxpayer, Ben Venue Laboratories, closed. The City countered this loss with the passage of Issue 1 stated earlier.
- The City is committed to providing the citizens of Bedford with the highest quality of services while maintaining efficiency and cost effectiveness. Overall, governmental activities expenses in 2016 increased over 2015 as a result of increases in wage negotiations of 2.5 percent for non-union employees, police and fire employees. There were more general government administrative employees as municipal court expenses increased. Other factors were: The City's transportation costs decreased due to road construction repairs finalizing and fewer employees.
- On February 15, 2017 Moody's Investor's Services downgraded the City of Bedford prematurely before the Income tax issue was placed on the ballot May 2, 2017, The City of Bedford's assigned rating was Aa3 and now is A1. In 2016, the rating agency of Standard & Poor's downgraded the City's Bond rating from the AA level with a negative outlook to a rating of AA-.
- The City implemented GASB 68 and GASB 71 in 2015, which establish standards for measuring and recognizing pension liabilities, deferred outflows/inflows of resources and expense/expenditure. The implementation of these GASB statements resulted in a significant change to the financial statements presentation of the City. The City has reported these liabilities to comply with the requirements of GASB 68 and 71.

Overview of the Financial Statements

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

Government-wide Financial Statements The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Bedford's finances, in a manner similar to private sector businesses. The *statement of net position* and *statement of activities* provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major 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 dollars remain for future spending. The fund financial statements look at the City's most significant funds with all other nonmajor funds presented in total in one column.

City of Bedford, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between all elements reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Bedford is improving or deteriorating. The *statement of activities* presents information showing how the government's net position changed during the recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Bedford that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Bedford include general government, security of persons and property (Police and Fire), public health and welfare, leisure time activities, community development, transportation and basic utility services. The business-type activities include water and wastewater.

Fund financial statements a *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Bedford, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Bedford can be divided into three categories: governmental, proprietary and fiduciary funds.

Governmental Funds *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund and the public safety special revenue fund which are considered to be major funds. Data from the other governmental funds are combined into single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The City of Bedford adopts an annual appropriated budget for each of its funds. A budgetary comparison schedule (non-GAAP basis) has been provided as supplementary information for each governmental and proprietary fund to demonstrate budgetary compliance.

Proprietary Funds the City of Bedford maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and wastewater operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains such a fund for its self-insurance program of health related employee benefits. Because this predominately benefits governmental rather than business functions, it has been included within

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governmental activities in the government-wide financial statements. The proprietary fund financial statements provide separate information for the water and wastewater operations as they are considered major funds.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary funds are agency.

Notes to the Basic Financial Statements The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes provide a supplement to the financial statements and disclosures that include GASB No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position. Please see the Statement of Net Position concerning data reporting these changes and the further clarification of Deferred Outflows of Resources and Deferred Inflows of Resources.

Other information In addition to the basic financial statements and accompanying notes, this report also presents certain other information that the City believes readers will find useful. After the notes to the financial statements, the combining statements referred to earlier in connection with nonmajor governmental funds are presented as well as individual detailed budgetary comparisons for all funds.

Government-Wide Financial Analysis While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2016?" The Statement of Net Position and the Statement of Activities answer this question. These 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 the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid. These two statements report the City's net position and the changes in that position. The change in position is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of City capital assets will also need to be evaluated.

The Statement of Net Position and the Statement of Activities are divided into the following categories:

- Assets
- Deferred Outflows of Resources
- Liabilities
- Deferred Inflows of Resources
- Net Position (Assets and Deferred Outflows minus Liabilities and Deferred Inflows)
- Program Expenses and Revenues
- General Revenues
- Net Position Beginning and End of Year

The City of Bedford as a Whole

Recall that the Statement of Net Position looks at the City as a whole. The following provides a summary of the City's net position for 2016 compared to 2015.

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(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current and Other Assets	\$21,946,765	\$22,161,137	\$10,866,798	\$10,821,565	\$32,813,563	\$32,982,702
Capital Assets, Net	25,541,273	27,028,224	19,590,939	17,945,710	45,132,212	44,973,934
<i>Total Assets</i>	<u>47,488,038</u>	<u>49,189,361</u>	<u>30,457,737</u>	<u>28,767,275</u>	<u>77,945,775</u>	<u>77,956,636</u>
Deferred Outflows of Resources						
Deferred Charge on Refunding	346,572	254,907	23,567	15,004	370,139	269,911
Pension	5,905,736	2,460,106	583,372	192,783	6,489,108	2,652,889
<i>Total Deferred Outflows of Resources</i>	<u>6,252,308</u>	<u>2,715,013</u>	<u>606,939</u>	<u>207,787</u>	<u>6,859,247</u>	<u>2,922,800</u>
Liabilities						
Current and Other Liabilities	3,011,699	2,127,840	284,730	308,276	3,296,429	2,436,116
Long-Term Liabilities:						
Due Within One Year	1,684,410	1,665,503	925,155	690,037	2,609,565	2,355,540
Due in More than One Year						
Net Pension Liability	20,961,660	18,581,388	1,533,472	1,134,739	22,495,132	19,716,127
Other Amounts	9,456,268	10,343,114	10,141,127	9,941,836	19,597,395	20,284,950
<i>Total Liabilities</i>	<u>35,114,037</u>	<u>32,717,845</u>	<u>12,884,484</u>	<u>12,074,888</u>	<u>47,998,521</u>	<u>44,792,733</u>
Deferred Inflows of Resources						
Property Taxes	4,433,461	4,442,694	0	0	4,433,461	4,442,694
Pension	2,106,508	90,816	73,805	19,935	2,180,313	110,751
<i>Total Deferred Inflows of Resources</i>	<u>6,539,969</u>	<u>4,533,510</u>	<u>73,805</u>	<u>19,935</u>	<u>6,613,774</u>	<u>4,553,445</u>
Net Position						
Net Investment in Capital Assets	16,509,741	16,991,691	8,586,175	7,428,993	25,095,916	24,420,684
Restricted:						
Capital Projects	33,451	59,047	0	0	33,451	59,047
Debt Service	202,409	370,245	0	0	202,409	370,245
Other Purposes	3,952,269	4,092,200	0	0	3,952,269	4,092,200
Unrestricted (Deficit)	(8,611,530)	(6,860,164)	9,520,212	9,451,246	908,682	2,591,082
<i>Total Net Position</i>	<u>\$12,086,340</u>	<u>\$14,653,019</u>	<u>\$18,106,387</u>	<u>\$16,880,239</u>	<u>\$30,192,727</u>	<u>\$31,533,258</u>

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2016 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

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

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

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

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

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City, total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by \$30,192,727 in 2016 and \$31,533,258 at December 31, 2015.

The largest portion of the City's net position reflects "Net Investment in Capital Assets" (i.e. land, construction in progress, buildings, improvements, machinery and equipment, vehicles and infrastructure) less any related debt to acquire those assets that are still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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Total governmental assets decreased from 2015 to 2016, while the City's total governmental liabilities increased. The most significant changes in total assets were the decreases in net capital assets, assets held for resale and property taxes receivable. The decrease in assets held for resale was due to the City selling the remaining homes it owned. Another item affecting the total assets was the accumulated depreciation on assets which reduced capital assets in 2016.

At the end of the current year, the City of Bedford is able to report positive balances in all three categories of net position, both for the government as a whole as well as for its separate governmental and business-type activities.

Most of the decrease in the net position (unrestricted account) is due to the long-term pension figures pursuant to GASB 68 and 71 as stated earlier. Other factors include decreases in net capital assets, the State of Ohio's budget problems and the Ohio legislature's mindset to change the tax structure of the State and thus affecting their payments to local governments and the elimination of the inheritance tax as of January 1, 2013. These changes have had a negative effect on the revenue stream in the City. These changes in taxation lead to a total loss of inheritance tax revenue which started with 2014. The largest year for collection of inheritance tax was in 1999 in the total amount of \$512,303.

The State of Ohio has also adopted House Bill 66 that phased-out the personal property tax, with 2008 being the last year of collection. The State of Ohio passed a Commercial Activities Tax (CAT) to allow the State to reimburse the City for four years through 2010. Thereafter, the State budget eliminated the CAT tax revenues, and cost the City annually a total of \$462,672 in 2012 and thereafter. The largest amount collected in one year from personal property tax was in 2005 when the City received \$463,997.

The State of Ohio reduced the local government funds to cities at 25 percent in 2011-2012 and 50 percent in 2012-2013. These cuts resulted in the loss of \$272,628 in 2012, \$456,033 in 2013 and \$393,070 in 2014. These losses will remain per year thereafter unless more funds are collected or the State of Ohio changes the funding amounts. The largest amount collected in one year from the local government funds was in 2005 when the City received \$778,196.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2016 and 2015.

(Table 2)
Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues						
Charges for Services	\$4,157,972	\$4,076,366	\$6,650,006	\$6,547,812	\$10,807,978	\$10,624,178
Operating Grants and Contributions	2,252,738	2,154,354	0	0	2,252,738	2,154,354
Capital Grants and Contributions	0	0	0	0	0	0
Total Program Revenues	\$6,410,710	\$6,230,720	\$6,650,006	\$6,547,812	\$13,060,716	\$12,778,532

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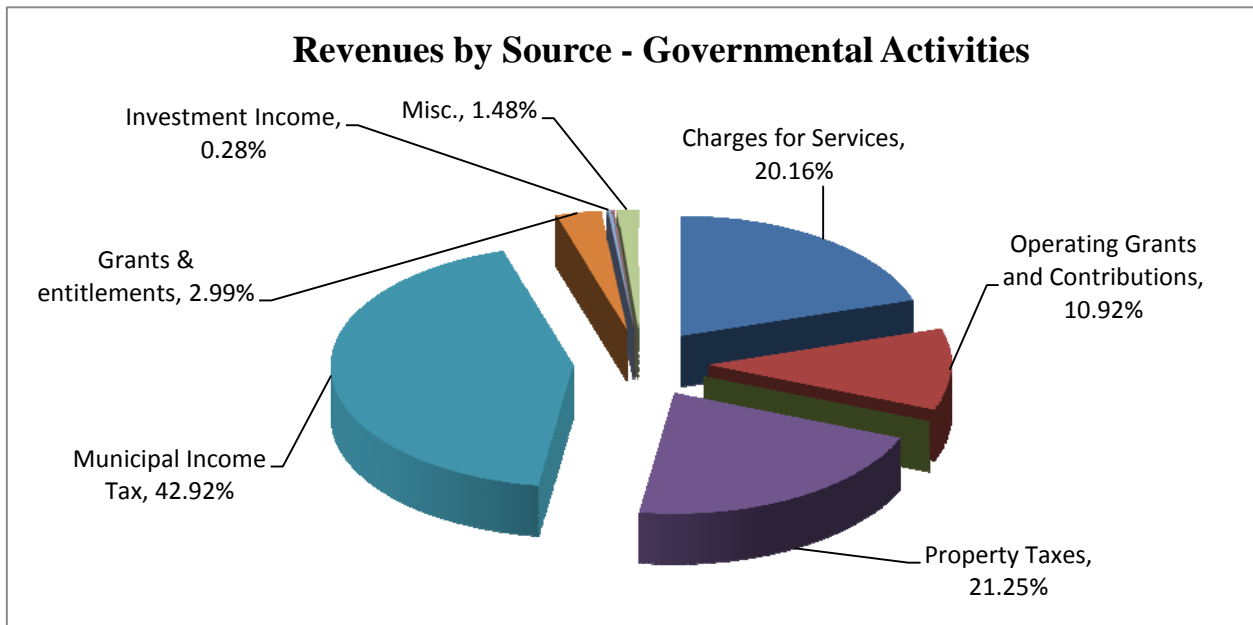
(Table 2)
Changes in Net Position (continued)

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
General Revenues						
Property Taxes	\$4,382,346	\$4,367,348	\$0	\$0	\$4,382,346	\$4,367,348
Municipal Income Taxes	8,852,523	8,387,294	0	0	8,852,523	8,387,294
Grants and Entitlements not Restricted to Specific Programs	616,412	638,689	0	0	616,412	638,689
Investment Income	58,552	56,884	27,237	69,286	85,789	126,170
Gain on Sale of Capital Assets	20,257	21,898	0	0	20,257	21,898
Miscellaneous	284,100	163,639	51,910	34,877	336,010	198,516
Total General Revenues	14,214,190	13,635,752	79,147	104,163	14,293,337	13,739,915
Total Revenues	20,624,900	19,866,472	6,729,153	6,651,975	27,354,053	26,518,447
Program Expenses						
General Government	5,633,886	4,903,243	0	0	5,633,886	4,903,243
Security of Persons and Property						
Police	5,870,246	5,453,464	0	0	5,870,246	5,453,464
Fire	4,485,723	4,305,885	0	0	4,485,723	4,305,885
Public Health and Welfare	208,978	207,634	0	0	208,978	207,634
Leisure Time Activities	1,351,664	1,353,647	0	0	1,351,664	1,353,647
Community Development	802,316	954,588	0	0	802,316	954,588
Basic Utility Services	1,002,418	1,037,997	0	0	1,002,418	1,037,997
Transportation	3,484,480	4,282,467	0	0	3,484,480	4,282,467
Interest and Fiscal Charges	351,868	378,656	0	0	351,868	378,656
Water	0	0	3,312,714	3,131,099	3,312,714	3,131,099
Wastewater	0	0	2,190,291	1,832,603	2,190,291	1,832,603
Total Program Expenses	23,191,579	22,877,581	5,503,005	4,963,702	28,694,584	27,841,283
Change in Net Position	(2,566,679)	(3,011,109)	1,226,148	1,688,273	(1,340,531)	(1,322,836)
Net Position Beginning of Year	14,653,019	17,664,128	16,880,239	15,191,966	31,533,258	32,856,094
Net Position End of Year	<u>\$12,086,340</u>	<u>\$14,653,019</u>	<u>\$18,106,387</u>	<u>\$16,880,239</u>	<u>\$30,192,727</u>	<u>\$31,533,258</u>

Governmental Activities

Governmental activities decreased the City's net position by the amount of \$2,566,679. The primary reason for the decrease in net position relates to the expenses exceeding revenues for a second straight year. A portion of the issue relates to the City recording its portion of the unfunded net pension liabilities. Expenses increased from raises, additional staffing in the fire department, and capital purchases.

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The income tax rate was 2.25 percent for 2016, the same as the prior year. Both residents of the City and non-residents who work inside the City are subject to the income tax. However, if Bedford residents work in another locality that has a municipal income tax, the City provides up to 100 percent credit to a limit of 1.50 percent for those who pay income tax to another City. City Council could, by Ordinance, choose to reduce that income tax credit and create additional revenues for the City. See comment earlier on income tax increase starting January 1, 2018.

General revenues from grants and entitlements, such as local government funds, are also revenue generators. The City monitors its source of revenues very closely for fluctuations.

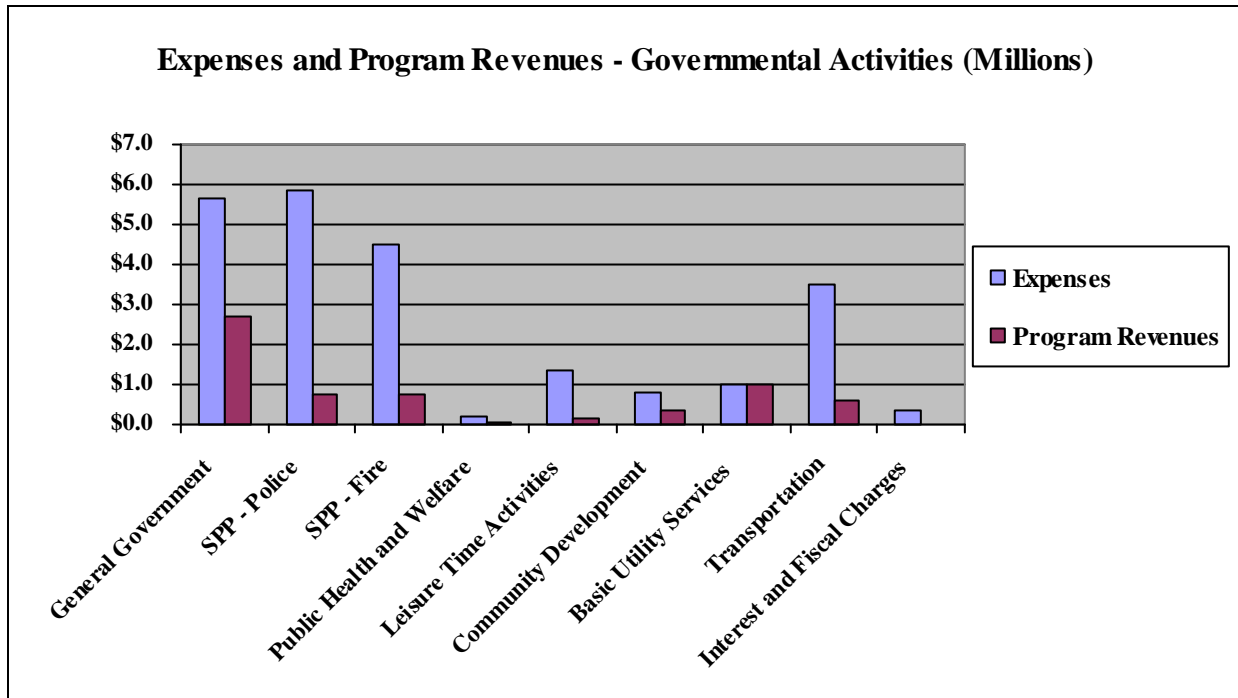
Decreases in various program expenses were the result of not replacing four employees leaving service as well as the police and fire dispatchers now working for a regional council of governments, the Southeast Emergency Communications Center. Most other expenses closely parallel inflation and growth in the demand for services. Increases were caused by contracted wage increases along with the related pension costs and employee hospitalization costs.

The largest program for the City relates to the security of persons and property police and fire program expenses. During 2016, \$10,355,969 was spent or 44.65 percent of program expenses related to security of persons and property compared to 2015, when \$9,759,349 was spent or 42.66 percent. The cost increase was slight due to wage increases of fire and police employees and increased payrolls in fire.

The next largest expenses were from general government expenses. The City increased spending in all departments due to wage increases. During 2016, \$5,633,886 was spent or 24.29 percent of program expenses related general government administration and the Bedford Municipal Court costs compared to 2015, when \$4,903,243 was spent or 21.43 percent.

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The third largest program expenses were related to the transportation system for street and highway maintenance, including snow removal. The winters were difficult during 2014-2015, very good in 2016-2017 and in 2015-2016; this had the City buying less salt and paying much less overtime for service workers. A major change in spending was due to no road reconstruction expenditures in 2016. The City maintains salt funding for two years of winter storms at all times.



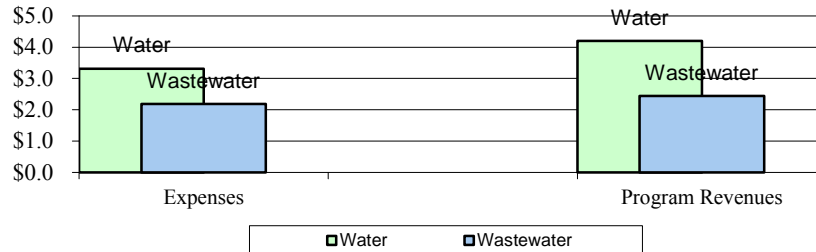
Business-Type Activities

The business-type activities of the City, which include the City's water and wastewater operations, increased the City's net position by \$1,226,148. Program revenues were more than program expenses for water operations in 2016 and in 2015 due to new water meters installed, and increased water rates of 6.1 percent in 2014 and 5.52 percent in 2015. These revenue increases are classified as charges for services. The minimum water rate increases of three percent annually went into effect in 2011. The City council voted to have no increase in water rates in 2016 and 2017 due to new meter installations. The City of Cleveland sells water to the City of Bedford at a discount, however, the City of Cleveland increased its water rates to the City of Bedford. The City rebills these rate increases to our residents at the rate of 3.14 percent in 2014 and 2.52 percent in 2015. The next water rate increases scheduled by the City of Cleveland are in 2019 and 2020 and the rate increases are 5.0975 percent and 4.6790 percent respectively.

Program revenues were more than program expenses for the wastewater operations for 2016. A 4 percent increase in wastewater rates was placed into effect annually since 2011 and a 15 percent increase was placed into effect in 2015. The loss of revenue from the closing of Ben Venue Laboratories was the main reason for the increase in water and sewer rates. The wastewater rate increase for 2016 was 4 percent. Foreclosed homes and delinquencies have increased and more assessments have been recorded on parcels for non-payment.

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EXPENSES AND PROGRAM REVENUES
(in millions)



Financial Analysis of the Government's Funds

As noted earlier, the City of Bedford uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year. Information about the City's governmental funds begins with the balance sheet. These funds are accounted for using the modified accrual basis of accounting.

All governmental funds had total revenues of \$20,238,286 in 2016 and total expenditures of \$21,709,276 in 2016 leaving a difference of revenues over (under) expenditures of (\$1,470,990). The most significant change in our funds from 2015 to 2016 was the increase in special assessment revenue which was the direct result of the refuse fee assessment on all residential properties as mentioned earlier. The main reason for the decrease in expenses was the decrease in capital outlay from 2015 with no street projects. Increases in spending occurred in the general government as employees were granted pay raises. Police costs were up due to bringing staff up to full employee staffing.

The general fund is the chief operating fund of the City. At the end of the current year, total fund balance for the general fund was \$7,940,967 of which \$6,186,875 was unassigned at year-end. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balances to total fund expenditures including transfers out. The 2016 unassigned fund balance represents 41.44 percent of total general fund expenditures and transfers out, while total fund balances represents 53.19 percent. The unassigned fund balance will cover 151 days of City general fund expenditures. The minimum GFOA best practices recommendation is at least 60 days. This is another way to express the general fund's liquidity.

During the current year, the fund balance of the City's general fund decreased by (\$1,128,089). The decrease in the general fund balance is due to the reduction in income tax collections, specifically Ben Venue Laboratories which was the City's largest employer. The income tax revenue in the general fund for 2016 was \$7,647,837 compared to \$7,551,357 in 2015, however, collections in 2014 were \$9,507,499. Transfers out in 2016 were less than 2015 due to the street maintenance and repair special revenue fund needing less transfers in, while utilizing the cash balance to pay for goods & services. These transfers are identified in Note 10 to the Basic Financial Statements.

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The public safety major special revenue fund's balance as of December 31, 2016 decreased to \$100,128. The City's police and fire department operations are included in this fund.

Other governmental funds had a decrease in fund balance due to an increase in unearned revenue. This unearned revenue was obtained from the lease of a long-term billboard tower by SBA in the amount of \$950,000. No capital outlays for roads or service equipment were made in 2016.

General Fund Budgeting Highlights

The City'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 2016, the City amended its general fund budget on various occasions. All recommendations for budget changes come to the whole Council for Ordinance enactment on the changes. The City does allow small interdepartmental budget changes that modify line items within departments within the same fund. The general fund supports many of our major activities such as our service department and the municipal court activities, as well as most legislative and executive activities. The general fund is monitored closely, looking for possible revenue shortfalls or overspending by individual departments.

The general fund's original budgeted revenues were \$14,152,160. The final budgeted revenue amount was \$14,152,160, while actual revenues were \$13,603,648. The general fund's original appropriations were budgeted at \$9,980,388. The final budgeted appropriations were \$10,410,389, while actual expenditures were \$9,514,942. The City of Bedford's ending unencumbered cash balance in the general fund was increased by \$830,890 above the final budgeted amount.

There were no differences between the general fund's original and final amended revenue budget vs actual revenue. The largest variance (negative) was municipal income taxes as a couple larger employers closed during the year. Intergovernmental revenues were below the budget figures as the City received less local government funding this year as the State took more for their budget. Expenditure budget amounts had major changes:

- ❑ The most significant budget (appropriation) change was the increase in general government as the budget was amended for increases in income tax refunds, municipal court expenditures and equipment purchases. Also, municipal court payables for health insurance claims were larger due to claims in 2016 paid in 2017.
- ❑ The transfers out to other funds had unspent expenditures versus final budgeted amounts due to less money being transferred for the cemetery fund, economic development and recreation programs.
- ❑ General government expenditures left unspent consisted of the following:
 - The service department left unspent \$56,728 mostly from overtime not spent on snow removal costs.
 - The police department left unspent funds from savings from gasoline costs.
 - The income tax department had pending income tax refunds that were expended in 2017 and not spent in 2016 in the amount of \$151,554.

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- The law department realized savings from Law Director hiring under what was budgeted.
 - The police (non-officer) department realized savings from lower prices of gasoline.
 - The municipal complex buildings department realized savings from natural gas prices.
- Actual expenditures were \$895,447 less than appropriations due mainly to the above and the diligence of management to keep costs low.

Capital Assets and Debt Administration

Capital Assets

(Table 3)
Capital Assets at December 31,
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$3,074,135	\$3,074,135	\$28,620	\$28,620	\$3,102,755	\$3,102,755
Construction in Progress	5,320	12,000	2,467,535	1,294,652	2,472,855	1,306,652
Buildings and Improvements	12,081,371	12,461,163	6,242,084	6,465,816	18,323,455	18,926,979
Machinery and Equipment	983,291	1,135,503	1,828,655	1,100,891	2,811,946	2,236,394
Furniture and Fixtures	116,481	95,896	0	0	116,481	95,896
Vehicles	688,253	638,420	243,187	171,668	931,440	810,088
Infrastructure	8,592,422	9,611,107	8,780,858	8,884,063	17,373,280	18,495,170
Total	\$25,541,273	\$27,028,224	\$19,590,939	\$17,945,710	\$45,132,212	\$44,973,934

Total governmental capital assets decreased in 2016. Decreases in many capital asset categories occurred in 2016 mostly due to depreciation expense and the disposal of machinery and equipment. The depreciation expense of governmental activity assets for the year 2016 was \$1,883,135. The City had additions to governmental capital assets consisting of machinery and equipment and road improvements. The business-type construction in progress was increased by \$1,172,883 in started projects that consisted primarily of the water meter replacements, wastewater Replacing the 60” unit Primary Digester Cover, and replacing pumps, and PR head works Grit removal system.

The City is committed to a long-term goal of meeting the needs of its infrastructure and facilities. We have a five-year capital plan in place that provides for street improvements and adding facilities to complement our current structures. Additional information concerning the City’s capital assets can be found in Note 11 to the basic financial statements.

City of Bedford, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

Debt

(Table 4)
Outstanding Long-term Obligations at Year End

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General Obligation Bonds	\$8,832,323	\$9,673,174	\$8,888,909	\$8,172,090	\$17,721,232	\$17,845,264
OPWC Loans	492,479	544,325	1,076,532	1,170,364	1,569,011	1,714,689
OWDA Loans	0	0	1,068,445	1,198,841	1,068,445	1,198,841
Net Pension Liability	20,961,660	18,581,388	1,533,472	1,134,739	22,495,132	19,716,127
Police Pension	156,177	161,660	0	0	156,177	161,660
Capital Leases	61,996	85,006	0	0	61,996	85,006
Compensated Absences	1,597,703	1,544,452	32,396	90,578	1,630,099	1,635,030
Total	\$32,102,338	\$30,590,005	\$12,599,754	\$11,766,612	\$44,702,092	\$42,356,617

There are multiple general obligation bond projects for both governmental and business-type activities that were issued for both improvements and to refund previously issued debt, capitalizing on reductions to interest rates.

The last of the special assessment bond payments were made in 2015. No more of this debt is due and a residual amount remains from prior year's advances into this fund along with penalties and interest. Transfers back to the general fund occurred in 2016 to close this fund.

There are two OPWC loans that are being paid semi-annually from the general obligation debt service fund and funded by general fund revenues. These two loans are zero interest 20-year loans for the 2010 Broadway/Wood Creek Bridge/Culvert and Wandle Avenue street rehabilitation projects.

GASB 68 establishes standards for measuring and recognizing pension liabilities, deferred outflows/inflows of resources and expense/expenditure. The Governmental Activities Net Pension Liability (NPL) increased by \$2,380,272 in 2016. The Business-Type Activities NPL increased by \$398,733 in 2016.

The police pension liability loan is a specific one-time liability for the unfunded portion of the pension due for employees hired before the Police and Firemen's Disability and Pension Fund was established.

The business-type debt consisted of general obligation bonds along with OPWC and OWDA loans.

The Grand, Magnolia and Franklin water line OPWC project will be repaid from the water rates and the funds to match this grant came from the bond proceeds issued in 2010. This 2010 issue is to be repaid from the water rates and water bill collections. The 2006 general obligation debt was issued for the water lines of Washington Street, Tinkers Creek Commerce Park and Forbes Road water line.

The water and sewer rates along with respective collections pay for the retirement of an Ohio Public Works Commission Loan (Oxidation Tower Project) and the Ohio Water Development Authority Loan (Rapid Sandfilter Project). The City received a grant in 2004 from the State's Issue II funding and an OPWC-Oxidation Tower loan has been granted. The City also has an OPWC loan for the completed construction of the flow control project and an OWDA loan for plant improvements that are paid through sewer user rates and from sewer collections.

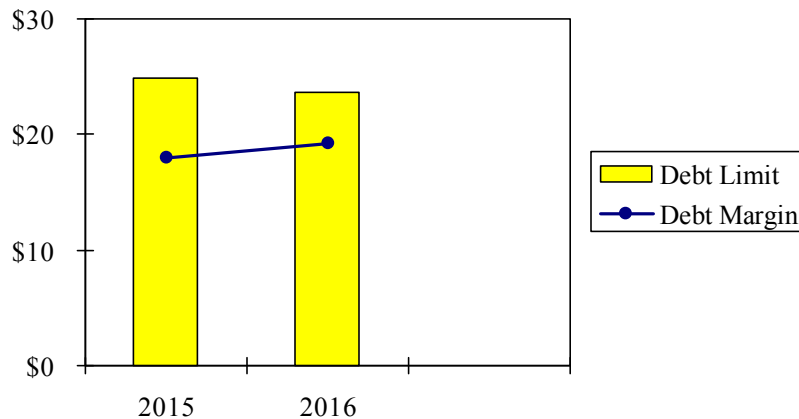
City of Bedford, Ohio
Management's Discussion and Analysis
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Most of the City's wastewater plant debt consisted of OWDA loans that were issued prior to 1994. The City has one of these loans outstanding for the following purposes: the 2003 Rapid Sandfilter Improvement. This loan was issued for 20 years at 3.90 percent.

The City, in 2016, issued private placement \$1.4 million in general obligation bonds over a period of 5 years with the purpose of replacing all residential water meters in the City. The project construction is expected to last two years and increase water reading consumption from slow running meters by a range of 3 to 5 percent based on prior replacement results 16 years ago. The interest rate on these bonds is 2.1 percent over the 5 years.

In 2016, the City refunded the 2006 General Obligation Bonds through Key Bank at an interest rate of 2.18 percent from June 1, 2017 through December 1, 2026 on September 6, 2016. The Net Present Value Savings from this issue was \$546,651. The cash flow savings from this refunding is \$613,018.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10½ percent of total assessed valuation. The City's overall legal debt limit decreased to \$23.6 million in 2016. This is the amount of debt the City is legally allowed to issue. The legal debt margin increased to \$19.2 in 2016 due to the decrease in current year debt and that most general obligation debt issued has two revenue sources backing the issues for income tax or water and sewer rate collections.



The City continues to monitor its outstanding debt. Information relative to debt is identified in Note 12 to the basic financial statements.

Current Financial Related Activities

The City of Bedford has continued to maintain the highest standards of services to our citizens while diligently planning expenses, to stay within the City's revenues. As with all cities in the State of Ohio, State funding issues are constantly monitored to determine the impact on the City. As the preceding information shows, the City is heavily reliant on income and property taxpayers. Additional revenues must not be treated as a windfall to expand programs but as an opportunity to extend the time horizon of the life of the levies. All of the City's financial abilities will be needed to meet the challenges now and in the future.

The City of Bedford continues to be financially strong although Moody's Investors Service's on February 15, 2016, "has downgraded to A1 from Aa3 the rating on the City of Bedford, OH's outstanding general obligation limited tax (GOLT) debt. **Moody's Investors Service is quoted as stating:**

City of Bedford, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

“The downgrade to A1 primarily reflects economic weaknesses that have recently become more pronounced with the loss of local employers. The rating also incorporates the City's very strong fiscal and management profile, as well as plans to seek voter approval of an increased income tax to mitigate the fiscal effects of recent closures. Lastly, the rating also considers a moderate debt burden and the City's exposure to unfunded pension liabilities of two cost-sharing retirement systems. The A1 rating is the same as Moody's internal assessment of Bedford's hypothetical general obligation unlimited tax rating. The lack of notching reflects the City's full faith and credit pledge to pay debt service”

Strengths were quoted as follows:

“A very healthy operating fund balance.”

“Strong fiscal management practices that include maintenance of a formal financial reserve policy, annually updated five-year operating forecast, and the identification of potential revenue enhancements.”

Challenges were quoted as follows:

“A very modest tax base size that incorporates a cumulative 32 percent decline since 2006.”

“A challenged demographic profile relative to other highly rated local governments as indicated by a negative population trend and falling income levels relative to the nation.”

“A recent departure of the City's largest employer and taxpayer that drove a sizeable reduction in the income tax revenue.”

“Exposure to unfunded pension liabilities of two cost-sharing retirement plans.”

Rating Outlook:

Outlooks are typically not assigned to issuers with this amount of debt outstanding.

Factors that Could Lead to an Upgrade:

Significant expansion of the City's tax base and local economy coupled with an improved socioeconomic profile.

Standard and Poor's Inc. Rating Quotes:

On February 12, 2015, Standard and Poor's Inc. downgraded the City's financial ratings and assigned its AA-stable long-term rating to the City of Bedford, Ohio series 2016 limited-tax general obligation (GO) various purpose improvements bonds. Standard & Poor's Ratings Services quoted the following:

“The AA-/Stable rating reflects our assessment of Bedford's:

- Weak economy, with significant population decline, but access to a broad and diverse metropolitan statistical area.
- Very strong debt and contingent liability position, with debt service carrying charges at 6.4 percent of expenditures and net direct debt that is 47.3 percent of total governmental fund revenue. Low overall net debt less than 3.0 percent of market value and rapid amortization, with 69.0 percent of debt scheduled to be retired in 10 years; and

City of Bedford, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
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- Strong institutional framework score.
- Very strong budgetary flexibility, with an available fund balance in 2014 of 60 percent of operating expenditures;
- Very strong liquidity with total government available cash at 108.7 percent of total governmental fund expenditures and 17.0 percent governmental debt service, and access to external liquidity we consider strong;
- Very strong management with strong financial policies and practices under our Financial Management Assessment (FMA) methodology.

In conclusion, the City of Bedford along with many other cities in Ohio, have been facing both significant challenges and opportunities. Management has performed well in adjusting to the State cuts in revenue, and will adjust more to counter the loss of the City's largest taxpayer. The Citizens of the City of Bedford care deeply about their community, and when communicated to properly, will propel the City forward with revenue enhancements when needed. The City is committed to working with all stakeholders to craft solutions that will most effectively use the available resources to continue to provide excellent services to the residents of the City.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, tax payers, creditors and investors with a general overview of the City's finances and show the City's accountability for all money it receives, spends, or invests. If you have any questions about this report or need financial information please contact Frank C. Gambosi, Director of Finance, City of Bedford, 165 Center Road, Bedford, Ohio 44146, telephone (440) 735-6500, or use our web site at www.bedfordoh.gov.

Basic Financial Statements

City of Bedford, Ohio
Statement of Net Position
December 31, 2016

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$11,481,630	\$9,180,730	\$20,662,360
Cash and Cash Equivalents with Fiscal Agents	0	27,019	27,019
Accounts Receivable	97,152	1,427,255	1,524,407
Accrued Interest Receivable	2,342	17,036	19,378
Intergovernmental Receivable	800,430	0	800,430
Internal Balances	56,399	(56,399)	0
Income Taxes Receivable	3,189,659	0	3,189,659
Materials and Supplies Inventory	157,519	258,674	416,193
Prepaid Items	92,075	12,483	104,558
Property Taxes Receivable	4,747,669	0	4,747,669
Special Assessments Receivable	1,321,890	0	1,321,890
Nondepreciable Capital Assets	3,079,455	2,496,155	5,575,610
Depreciable Capital Assets, Net	22,461,818	17,094,784	39,556,602
<i>Total Assets</i>	<u>47,488,038</u>	<u>30,457,737</u>	<u>77,945,775</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding Pension	346,572	23,567	370,139
	5,905,736	583,372	6,489,108
<i>Total Deferred Outflows of Resources</i>	<u>6,252,308</u>	<u>606,939</u>	<u>6,859,247</u>
Liabilities			
Accounts Payable	173,541	97,960	271,501
Accrued Wages	595,712	61,232	656,944
Intergovernmental Payable	210,451	16,374	226,825
Vacation Benefits Payable	536,720	58,742	595,462
Claims Payable	314,781	0	314,781
Unearned Revenue	1,156,933	0	1,156,933
Retainage Payable	0	27,019	27,019
Accrued Interest Payable	23,561	23,403	46,964
Long-Term Liabilities:			
Due Within One Year	1,684,410	925,155	2,609,565
Due In More Than One Year			
Net Pension Liability (See Note 14)	20,961,660	1,533,472	22,495,132
Other Amounts	9,456,268	10,141,127	19,597,395
<i>Total Liabilities</i>	<u>35,114,037</u>	<u>12,884,484</u>	<u>47,998,521</u>
Deferred Inflows of Resources			
Property Taxes	4,433,461	0	4,433,461
Pension	2,106,508	73,805	2,180,313
<i>Total Deferred Inflows of Resources</i>	<u>6,539,969</u>	<u>73,805</u>	<u>6,613,774</u>
Net Position			
Net Investment in Capital Assets	16,509,741	8,586,175	25,095,916
Restricted for:			
Capital Projects	33,451	0	33,451
Debt Service	202,409	0	202,409
Municipal Courts	439,074	0	439,074
Streets	1,223,817	0	1,223,817
Community Development	191,351	0	191,351
Street Lighting	434,842	0	434,842
Drug Force Violations	317,081	0	317,081
Refuse Collection	834,340	0	834,340
Other Purposes	511,764	0	511,764
Unrestricted (Deficit)	(8,611,530)	9,520,212	908,682
<i>Total Net Position</i>	<u>\$12,086,340</u>	<u>\$18,106,387</u>	<u>\$30,192,727</u>

See accompanying notes to the basic financial statements

City of Bedford, Ohio
Statement of Activities
For the Year Ended December 31, 2016

	Program Revenues		
	Expenses	Charges for Services and Operating Assessments	Operating Grants and Contributions
Governmental Activities			
General Government	\$5,633,886	\$2,091,912	\$599,256
Security of Persons and Property			
Police	5,870,246	72,916	671,049
Fire	4,485,723	446,599	311,739
Public Health and Welfare	208,978	13,594	42,595
Leisure Time Activities	1,351,664	147,253	10,773
Community Development	802,316	330,365	0
Basic Utility Services	1,002,418	1,055,333	0
Transportation	3,484,480	0	617,326
Interest and Fiscal Charges	351,868	0	0
<i>Total Governmental Activities</i>	<u>23,191,579</u>	<u>4,157,972</u>	<u>2,252,738</u>
Business-Type Activities			
Water	3,312,714	4,203,457	0
Wastewater	2,190,291	2,446,549	0
<i>Total Business-Type Activities</i>	<u>5,503,005</u>	<u>6,650,006</u>	<u>0</u>
<i>Total</i>	<u>\$28,694,584</u>	<u>\$10,807,978</u>	<u>\$2,252,738</u>

General Revenues

Property Taxes Levied for:

 General Purposes

 Public Safety

Municipal Income Taxes Levied for:

 General Purposes

 Debt Service

Grants and Entitlements not Restricted
to Specific Programs

Investment Income

Gain on Sale of Capital Assets

Miscellaneous

Total General Revenues

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$2,942,718)	\$0	(\$2,942,718)
(5,126,281)	0	(5,126,281)
(3,727,385)	0	(3,727,385)
(152,789)	0	(152,789)
(1,193,638)	0	(1,193,638)
(471,951)	0	(471,951)
52,915	0	52,915
(2,867,154)	0	(2,867,154)
(351,868)	0	(351,868)
<u>(16,780,869)</u>	<u>0</u>	<u>(16,780,869)</u>
0	890,743	890,743
<u>0</u>	<u>256,258</u>	<u>256,258</u>
<u>0</u>	<u>1,147,001</u>	<u>1,147,001</u>
<u>(16,780,869)</u>	<u>1,147,001</u>	<u>(15,633,868)</u>
1,899,363	0	1,899,363
2,482,983	0	2,482,983
7,998,584	0	7,998,584
853,939	0	853,939
616,412	0	616,412
58,552	27,237	85,789
20,257	0	20,257
<u>284,100</u>	<u>51,910</u>	<u>336,010</u>
<u>14,214,190</u>	<u>79,147</u>	<u>14,293,337</u>
(2,566,679)	1,226,148	(1,340,531)
<u>14,653,019</u>	<u>16,880,239</u>	<u>31,533,258</u>
<u>\$12,086,340</u>	<u>\$18,106,387</u>	<u>\$30,192,727</u>

City of Bedford, Ohio

Balance Sheet

Governmental Funds

December 31, 2016

	<u>General</u>	<u>Public Safety</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$7,182,413	\$541,057	\$3,747,991	\$11,471,461
Property Taxes Receivable	2,056,614	2,691,055	0	4,747,669
Income Taxes Receivable	3,189,659	0	0	3,189,659
Accounts Receivable	97,152	0	0	97,152
Intergovernmental Receivable	246,374	173,713	380,343	800,430
Interfund Receivable	261,372	0	0	261,372
Accrued Interest Receivable	2,342	0	0	2,342
Materials and Supplies Inventory	152,548	4,971	0	157,519
Prepaid Items	57,370	0	34,705	92,075
Special Assessments Receivable	196,061	0	1,125,829	1,321,890
<i>Total Assets</i>	<u>\$13,441,905</u>	<u>\$3,410,796</u>	<u>\$5,288,868</u>	<u>\$22,141,569</u>
Liabilities				
Accounts Payable	\$95,523	\$1,235	\$76,783	\$173,541
Accrued Wages	297,100	289,770	8,842	595,712
Intergovernmental Payable	84,459	123,732	2,260	210,451
Claims Payable	127,027	0	0	127,027
Interfund Payable	85,183	73,298	263,353	421,834
Unearned Revenue	0	0	1,156,933	1,156,933
<i>Total Liabilities</i>	<u>689,292</u>	<u>488,035</u>	<u>1,508,171</u>	<u>2,685,498</u>
Deferred Inflows of Resources				
Property Taxes	1,920,485	2,512,976	0	4,433,461
Unavailable Revenue	2,891,161	309,657	1,330,635	4,531,453
<i>Total Deferred Inflows of Resources</i>	<u>4,811,646</u>	<u>2,822,633</u>	<u>1,330,635</u>	<u>8,964,914</u>
Fund Balances				
Nonspendable	209,918	4,971	34,705	249,594
Restricted	0	95,157	2,817,522	2,912,679
Committed	49,682	0	27,350	77,032
Assigned	1,494,492	0	0	1,494,492
Unassigned (Deficit)	6,186,875	0	(429,515)	5,757,360
<i>Total Fund Balances</i>	<u>7,940,967</u>	<u>100,128</u>	<u>2,450,062</u>	<u>10,491,157</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$13,441,905</u>	<u>\$3,410,796</u>	<u>\$5,288,868</u>	<u>\$22,141,569</u>

See accompanying notes to the basic financial statements

City of Bedford, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2016*

Total Governmental Fund Balances	\$10,491,157
 <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.	25,541,273
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:	
Delinquent Property Taxes	314,208
Income Taxes	2,368,275
Special Assessments	1,321,890
Intergovernmental	527,080
Total	4,531,453
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.	39,276
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(23,561)
Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(536,720)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:	
Deferred Outflows - Pension	5,905,736
Deferred Inflows - Pension	(2,106,508)
Net Pension Liability	(20,961,660)
Total	(17,162,432)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(8,832,323)
OPWC Loans	(492,479)
Police Pension	(156,177)
Capital Leases	(61,996)
Compensated Absences	(1,597,703)
Deferred Charge on Refunding	346,572
Total	(10,794,106)
Net Position of Governmental Activities	\$12,086,340

See accompanying notes to the basic financial statements

City of Bedford, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	General	Public Safety	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$1,901,286	\$2,485,500	\$0	\$4,386,786
Municipal Income Taxes	7,647,837	0	853,939	8,501,776
Charges for Services	781,705	0	760	782,465
Fees, Licenses and Permits	226,087	20	0	226,107
Fines and Forfeitures	1,705,952	0	232,364	1,938,316
Intergovernmental	1,247,543	553,279	1,096,313	2,897,135
Special Assessments	21,789	0	1,033,515	1,055,304
Contributions and Donations	0	0	12,600	12,600
Interest	37,022	3,494	17,039	57,555
Rentals	96,142	0	0	96,142
Other	16,909	73	267,118	284,100
<i>Total Revenues</i>	<u>13,682,272</u>	<u>3,042,366</u>	<u>3,513,648</u>	<u>20,238,286</u>
Expenditures				
Current:				
General Government	5,052,726	0	69,962	5,122,688
Security of Persons and Property:				
Police	1,980,446	3,134,454	405,632	5,520,532
Fire	128,768	3,792,573	9,780	3,931,121
Public Health and Welfare	165,783	0	47,714	213,497
Leisure Time Activities	1,246,065	0	11,799	1,257,864
Community Development	547,581	0	229,755	777,336
Basic Utility Services	0	0	1,001,800	1,001,800
Transportation	1,615,241	0	825,571	2,440,812
Capital Outlay	0	0	114,405	114,405
Debt Service:				
Principal Retirement	28,493	0	912,046	940,539
Interest and Fiscal Charges	9,562	0	336,395	345,957
Payment to Refunded Bond Escrow Agent	0	0	127,058	127,058
Bond Issuance Costs	0	0	42,725	42,725
<i>Total Expenditures</i>	<u>10,774,665</u>	<u>6,927,027</u>	<u>4,134,642</u>	<u>21,836,334</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,907,607</u>	<u>(3,884,661)</u>	<u>(620,994)</u>	<u>(1,598,048)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	14,897	0	6,655	21,552
General Obligation Refunding Bonds Issued	0	0	6,035,268	6,035,268
Payment to Refunded Bond Escrow Agent	0	0	(5,992,543)	(5,992,543)
Transfers In	103,896	3,811,472	386,962	4,302,330
Transfers Out	(4,154,489)	0	(147,841)	(4,302,330)
<i>Total Other Financing Sources (Uses)</i>	<u>(4,035,696)</u>	<u>3,811,472</u>	<u>288,501</u>	<u>64,277</u>
<i>Net Change in Fund Balances</i>	<u>(1,128,089)</u>	<u>(73,189)</u>	<u>(332,493)</u>	<u>(1,533,771)</u>
<i>Fund Balances Beginning of Year</i>	<u>9,069,056</u>	<u>173,317</u>	<u>2,782,555</u>	<u>12,024,928</u>
<i>Fund Balances End of Year</i>	<u>\$7,940,967</u>	<u>\$100,128</u>	<u>\$2,450,062</u>	<u>\$10,491,157</u>

See accompanying notes to the basic financial statements

City of Bedford, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2016*

Net Change in Fund Balances - Total Governmental Funds (\$1,533,771)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:

Capital Asset Additions	397,479	
Current Year Depreciation	(1,883,135)	
Total		(1,485,656)

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. (1,295)

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

Delinquent Property Taxes	(4,440)	
Income Taxes	350,747	
Special Assessments	58,710	
Intergovernmental	(39,657)	
Total		365,360

Other financing sources, such as general obligation refunding bonds issued, in the governmental funds increase long-term liabilities in the statement of net position. (6,035,268)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 1,577,610

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (2,527,944)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:

Principal Retirement	940,539	
Payment to Refunded Bond Escrow Agent	6,119,601	
Total		7,060,140

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:

Accrued Interest	6,106	
Amortization of Premium	16,924	
Amortization of Discount	(2,591)	
Amortization of Deferred Charge on Refunding	(26,350)	
Total		(5,911)

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	(53,251)	
Vacation Benefits Payable	176,928	
Total		123,677

The internal service fund used to charge the costs of insurance to individual funds is not reported in the City-wide statement of activities. Governmental fund expenditures and related internal service fund revenue are eliminated.

The net revenue (expense) of the internal service fund is allocated among the governmental and business-type activities:

Change in Net Position	(114,785)	
Change in Internal Balance	11,164	
Total		(103,621)

Change in Net Position of Governmental Activities (\$2,566,679)

See accompanying notes to the basic financial statements

City of Bedford, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$1,905,941	\$1,905,941	\$1,901,286	(\$4,655)
Municipal Income Taxes	8,027,379	8,027,379	7,685,459	(341,920)
Charges for Services	608,400	608,400	602,730	(5,670)
Fees, Licenses and Permits	242,110	242,110	217,614	(24,496)
Fines and Forfeitures	1,738,900	1,738,900	1,710,424	(28,476)
Intergovernmental	1,416,155	1,416,155	1,268,199	(147,956)
Special Assessments	35,000	35,000	21,789	(13,211)
Interest	30,375	30,375	40,838	10,463
Rentals	107,350	107,350	96,142	(11,208)
Other	40,550	40,550	59,167	18,617
<i>Total Revenues</i>	14,152,160	14,152,160	13,603,648	(548,512)
Expenditures				
Current:				
General Government	5,290,901	5,705,273	5,110,191	595,082
Security of Persons and Property:				
Police	2,147,652	2,157,227	2,002,388	154,839
Fire	214,080	214,080	153,273	60,807
Public Health and Welfare	52,275	52,275	51,250	1,025
Leisure Time Activities	132,742	132,751	125,255	7,496
Community Development	491,307	491,307	471,837	19,470
Transportation	1,651,431	1,657,476	1,600,748	56,728
<i>Total Expenditures</i>	9,980,388	10,410,389	9,514,942	895,447
<i>Excess of Revenues Over (Under) Expenditures</i>	4,171,772	3,741,771	4,088,706	346,935
Other Financing Sources (Uses)				
Sale of Capital Assets	10,000	16,500	12,522	(3,978)
Advances In	3,900	3,900	2,800	(1,100)
Advances Out	(3,900)	(3,900)	(2,800)	1,100
Transfers In	219,070	219,070	181,708	(37,362)
Transfers Out	(5,526,585)	(5,626,585)	(5,101,290)	525,295
<i>Total Other Financing Sources (Uses)</i>	(5,297,515)	(5,391,015)	(4,907,060)	483,955
<i>Net Change in Fund Balance</i>	(1,125,743)	(1,649,244)	(818,354)	830,890
<i>Fund Balance Beginning of Year</i>	7,618,031	7,618,031	7,618,031	0
Prior Year Encumbrances Appropriated	129,352	129,352	129,352	0
<i>Fund Balance End of Year</i>	\$6,621,640	\$6,098,139	\$6,929,029	\$830,890

See accompanying notes to the basic financial statements

City of Bedford, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Public Safety Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$2,491,980	\$2,491,980	\$2,485,500	(\$6,480)
Fees, Licenses and Permits	25	25	20	(5)
Intergovernmental	841,431	841,431	548,068	(293,363)
Interest	1,675	1,675	3,494	1,819
Other	50	50	73	23
<i>Total Revenues</i>	<u>3,335,161</u>	<u>3,335,161</u>	<u>3,037,155</u>	<u>(298,006)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police	3,122,635	3,122,635	3,095,223	27,412
Fire	4,057,580	4,057,580	3,746,055	311,525
<i>Total Expenditures</i>	<u>7,180,215</u>	<u>7,180,215</u>	<u>6,841,278</u>	<u>338,937</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(3,845,054)	(3,845,054)	(3,804,123)	40,931
Other Financing Sources (Uses)				
Transfers In	3,841,300	3,931,300	3,811,472	(119,828)
<i>Net Change in Fund Balance</i>	(3,754)	86,246	7,349	(78,897)
<i>Fund Balance Beginning of Year</i>	524,365	524,365	524,365	0
Prior Year Encumbrances Appropriated	6,031	6,031	6,031	0
<i>Fund Balance End of Year</i>	<u>\$526,642</u>	<u>\$616,642</u>	<u>\$537,745</u>	<u>(\$78,897)</u>

See accompanying notes to the basic financial statements

City of Bedford, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2016

	Enterprise			Internal Service
	Water	Wastewater	Total	
Assets				
<i>Current Assets</i>				
Equity in Pooled Cash and Cash Equivalents	\$6,907,854	\$2,272,876	\$9,180,730	\$10,169
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agents	0	27,019	27,019	0
Receivables:				
Accounts	866,065	561,190	1,427,255	0
Accrued Interest	12,818	4,218	17,036	0
Materials and Supplies Inventory	180,327	78,347	258,674	0
Prepaid Items	9,810	2,673	12,483	0
Interfund Receivable	0	0	0	177,585
<i>Total Current Assets</i>	<u>7,976,874</u>	<u>2,946,323</u>	<u>10,923,197</u>	<u>187,754</u>
<i>Noncurrent Assets</i>				
Nondepreciable Capital Assets	14,615	2,481,540	2,496,155	0
Depreciable Capital Assets, Net	7,697,436	9,397,348	17,094,784	0
<i>Total Noncurrent Assets</i>	<u>7,712,051</u>	<u>11,878,888</u>	<u>19,590,939</u>	<u>0</u>
<i>Total Assets</i>	<u>15,688,925</u>	<u>14,825,211</u>	<u>30,514,136</u>	<u>187,754</u>
Deferred Outflows of Resources				
Deferred Charge on Refunding	8,620	14,947	23,567	0
Pension	194,457	388,915	583,372	0
<i>Total Deferred Outflows of Resources</i>	<u>203,077</u>	<u>403,862</u>	<u>606,939</u>	<u>0</u>
Liabilities				
<i>Current Liabilities</i>				
Accounts Payable	3,009	94,951	97,960	0
Accrued Wages	20,486	40,746	61,232	0
Intergovernmental Payable	5,180	11,194	16,374	0
Retainage Payable	0	27,019	27,019	0
Vacation Benefits Payable	19,178	39,564	58,742	0
Interfund Payable	6,228	10,895	17,123	0
Compensated Absences Payable	0	3,323	3,323	0
Accrued Interest Payable	10,244	13,159	23,403	0
General Obligation Bonds Payable	456,761	235,710	692,471	0
OPWC Loans Payable	42,700	51,131	93,831	0
OWDA Loans Payable	0	135,530	135,530	0
Claims Payable	0	0	0	187,754
<i>Total Current Liabilities</i>	<u>563,786</u>	<u>663,222</u>	<u>1,227,008</u>	<u>187,754</u>
<i>Long-Term Liabilities (net of current portion)</i>				
Compensated Absences Payable	0	29,073	29,073	0
Net Pension Liability	511,157	1,022,315	1,533,472	0
General Obligation Bonds Payable	3,923,601	4,272,837	8,196,438	0
OPWC Loans Payable	559,150	423,551	982,701	0
OWDA Loans Payable	0	932,915	932,915	0
<i>Total Long-Term Liabilities</i>	<u>4,993,908</u>	<u>6,680,691</u>	<u>11,674,599</u>	<u>0</u>
<i>Total Liabilities</i>	<u>5,557,694</u>	<u>7,343,913</u>	<u>12,901,607</u>	<u>187,754</u>
Deferred Inflows of Resources				
Pension	24,602	49,203	73,805	0
Net Position				
Net Investment in Capital Assets	2,741,489	5,844,686	8,586,175	0
Unrestricted	7,568,217	1,991,271	9,559,488	0
<i>Total Net Position</i>	<u>\$10,309,706</u>	<u>\$7,835,957</u>	<u>18,145,663</u>	<u>\$0</u>

Net position reported for business-type activities in the statement of net position are different because they include accumulated overpayments to the internal service fund: (39,276)

Net position of business-type activities \$18,106,387

See accompanying notes to the basic financial statements

City of Bedford, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2016*

	Enterprise			Internal Service
	Water	Wastewater	Total	
Operating Revenues				
Charges for Services	\$4,203,457	\$2,446,549	\$6,650,006	\$2,502,681
Other	46,299	5,611	51,910	0
<i>Total Operating Revenues</i>	<u>4,249,756</u>	<u>2,452,160</u>	<u>6,701,916</u>	<u>2,502,681</u>
Operating Expenses				
Personal Services	481,706	1,063,389	1,545,095	0
Contractual Services	2,278,518	127,179	2,405,697	313,818
Materials and Supplies	226,641	485,683	712,324	0
Depreciation	185,592	363,324	548,916	0
Claims	0	0	0	2,304,645
Other	1,545	2,489	4,034	0
<i>Total Operating Expenses</i>	<u>3,174,002</u>	<u>2,042,064</u>	<u>5,216,066</u>	<u>2,618,463</u>
<i>Operating Income (Loss)</i>	<u>1,075,754</u>	<u>410,096</u>	<u>1,485,850</u>	<u>(115,782)</u>
Non-Operating Revenues (Expenses)				
Interest	20,080	7,157	27,237	997
Interest and Fiscal Charges	(130,831)	(138,919)	(269,750)	0
Bond Issuance Costs	(3,821)	(2,204)	(6,025)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(114,572)</u>	<u>(133,966)</u>	<u>(248,538)</u>	<u>997</u>
<i>Change in Net Position</i>	961,182	276,130	1,237,312	(114,785)
<i>Net Position Beginning of Year</i>	<u>9,348,524</u>	<u>7,559,827</u>		<u>114,785</u>
<i>Net Position End of Year</i>	<u>\$10,309,706</u>	<u>\$7,835,957</u>		<u>\$0</u>

Some amounts reported for business-type activities in the statement of activities are different because a portion of the change in net position of the internal service fund is reported with business-type activities:

(11,164)

Change in net position of business-type activities

\$1,226,148

See accompanying notes to the basic financial statements

City of Bedford, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Enterprise			Internal Service
	Water	Wastewater	Total	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$4,129,600	\$2,381,868	\$6,511,468	\$0
Cash Received from Interfund Services Provided	0	0	0	2,325,096
Other Cash Receipts	46,299	5,611	51,910	0
Cash Payments to Employees for Services	(481,631)	(1,066,228)	(1,547,859)	0
Cash Payments for Goods and Services	(2,558,761)	(568,576)	(3,127,337)	(313,818)
Cash Payments for Claims	0	0	0	(2,250,178)
Other Cash Payments	(1,545)	(2,489)	(4,034)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>1,133,962</u>	<u>750,186</u>	<u>1,884,148</u>	<u>(238,900)</u>
Cash Flows from Capital and Related Financing Activities				
Proceeds from General Obligation Refunding Bonds	389,270	304,212	693,482	0
Proceeds from General Obligation Bonds	1,400,000	0	1,400,000	0
Principal Paid on General Obligation Bonds	(451,600)	(229,200)	(680,800)	0
Interest Paid on General Obligation Bonds	(132,192)	(122,071)	(254,263)	0
Principal Paid on OWDA Loans	0	(130,396)	(130,396)	0
Interest Paid on OWDA Loans	0	(45,495)	(45,495)	0
Principal Paid on OPWC Loans	(42,700)	(51,132)	(93,832)	0
Bond Issuance Costs	(3,821)	(2,204)	(6,025)	0
Payment to Refunded Bond Escrow Agent	(393,694)	(300,611)	(694,305)	0
Payments for Capital Acquisitions	(822,175)	(1,397,369)	(2,219,544)	0
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>(56,912)</u>	<u>(1,974,266)</u>	<u>(2,031,178)</u>	<u>0</u>
Cash Flows from Investing Activities				
Interest on Investments	<u>13,550</u>	<u>6,710</u>	<u>20,260</u>	<u>997</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	1,090,600	(1,217,370)	(126,770)	(237,903)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>5,817,254</u>	<u>3,517,265</u>	<u>9,334,519</u>	<u>248,072</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$6,907,854</u>	<u>\$2,299,895</u>	<u>\$9,207,749</u>	<u>\$10,169</u>

(continued)

City of Bedford, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2016

	Enterprise			Internal Service
	Water	Wastewater	Total	
Reconciliation of Operating Income (Loss)				
to Net Cash Provided by (Used for)				
Operating Activities				
Operating Income (Loss)	\$1,075,754	\$410,096	\$1,485,850	(\$115,782)
Adjustments:				
Depreciation	185,592	363,324	548,916	0
(Increase) Decrease in Assets and Deferred Outflows:				
Accounts Receivable	(73,857)	(64,681)	(138,538)	0
Interfund Receivable	0	0	0	(177,585)
Materials and Supplies Inventory	(40,891)	(1,401)	(42,292)	0
Prepaid Items	(9,810)	(2,673)	(12,483)	0
Deferred Outflows - Pension	38,619	77,238	115,857	0
Increase (Decrease) in Liabilities and Deferred Inflows:				
Accounts Payable	(2,901)	48,359	45,458	0
Accrued Wages	1,197	2,480	3,677	0
Interfund Payable	6,228	10,895	17,123	0
Intergovernmental Payable	(1,542)	(2,722)	(4,264)	0
Vacation Benefits Payable	(7,148)	(15,984)	(23,132)	0
Net Pension Liability	(5,265)	(10,530)	(15,795)	0
Compensated Absences Payable	(19,332)	(38,850)	(58,182)	0
Claims Payable	0	0	0	54,467
Deferred Inflows - Pension	(12,682)	(25,365)	(38,047)	0
<i>Total Adjustments</i>	58,208	340,090	398,298	(123,118)
<i>Net Cash Provided by</i>				
<i>(Used for) Operating Activities</i>	\$1,133,962	\$750,186	\$1,884,148	(\$238,900)

At December 31, 2015, the City had retainage payable related to the acquisition of capital assets of \$15,000 in the water fund and \$37,418 in the wastewater fund. At December 31, 2016, the City had retainage payable related to the acquisition of capital assets of \$27,019 in the wastewater fund.

See accompanying notes to the basic financial statements

City of Bedford, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2016

Assets	
Equity in Pooled Cash and Cash Equivalents	\$358,306
Cash and Cash Equivalents in Segregated Accounts	<u>219,372</u>
<i>Total Assets</i>	<u><u>\$577,678</u></u>
Liabilities	
Deposits Held and Due to Others	<u><u>\$577,678</u></u>

See accompanying notes to the basic financial statements

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 1 – Description of the City and Reporting Entity

The City of Bedford (the City) was incorporated as a village in 1837. In 1932, the residents of the City adopted the City's first charter. The City is a home rule municipal corporation under the laws of the State of Ohio which operates under the Council-Manager form of government with the Council appointing the City Manager, Finance Director, Law Director and Clerk of Council. The legislative power of the City is vested in the seven-member Council.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, agencies, departments and offices that are not legally separate from the City. For the City of Bedford this includes the agencies and departments that provide the following services: police, fire, rescue, recreation programs, street maintenance and repairs, sanitation, water, wastewater treatment, storm water, municipal court and general administrative services. The City purchases its water from the City of Cleveland and in turn bills its customers. The City of Bedford owns and operates its own wastewater treatment facility. Except for water and sewage, the major utilities are provided by private entities.

The clerk of courts is appointed by the presiding Judge of the Bedford Municipal Court and has a fiduciary responsibility for the collection and distribution of court fees and fines. The Municipal Court Judges are elected by residents of the participating cities and work under the authority of the Chief Justice of the Supreme Court of Ohio.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes, and there is a potential for the organization to provide specific benefits to, or impose specific financial burdens on, the primary government. The reporting entity of the City does not include any component units.

The City participates in two jointly governed organizations. These organizations are the Southeast Emergency Communication Center and the Northeast Ohio Public Energy Council and are presented in Note 18 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City of Bedford 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 City's accounting policies are described below.

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Basis of Presentation

The City'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 City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. 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 City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements During the year, the City segregates transactions related to certain City 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 City at this more detailed level. The focus of governmental and enterprise 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 fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Fund Accounting

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

Governmental Funds Governmental funds are those through which most governmental functions 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 are the City's major governmental funds:

General Fund The general fund accounts for and reports all financial resources except those required to be accounted for and reported in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the charter of the City of Bedford and/or the general laws of Ohio.

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Public Safety Fund The public safety special revenue fund accounts for and reports the property tax revenue restricted for the police and fire departments, paramedic services and police and fire pension contributions.

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

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds.

Water Fund The water fund accounts for the provision of water service to the residents and commercial users located within the City.

Wastewater Fund The wastewater fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

Internal Service Fund Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's only internal service fund is a health fund that accounts for vision, dental, prescription drug and hospital/medical claims of the City employees.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for the State inspection fee program, the amounts collected by the municipal court that are paid to other governments and confiscated monies received by the SEALE Drug Task Force.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of 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 City are included on the Statement of Net Position. The Statement of Activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

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

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

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

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; proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and 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 Nonexchange 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 year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the 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 year-end: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest and grants and entitlements.

Unearned Revenue Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because the amounts have not yet been earned. The City recognizes unearned revenue for the long-term leasing of billboards throughout the City.

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, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for deferred charge on refunding and for pension. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This

City of Bedford, Ohio
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For the Year Ended December 31, 2016

amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 14.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include property taxes, pension and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2016, but which were levied to finance fiscal year 2017 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the 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 City unavailable revenue includes delinquent property taxes, income taxes, special assessments and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 27. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 14)

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

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

Pensions

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

Pooled Cash and Cash Equivalents

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

The City utilizes a financial institution to service bonded construction payments as they come due. The balances in these accounts are presented in the statements as "cash and cash equivalents with fiscal agents."

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest bearing depository accounts are presented as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City Treasury.

During 2016, investments were limited to repurchase agreements, money market, federal farm credit bank notes, federal national mortgage association notes, federal home loan mortgage corporation notes and federal home loan bank bonds.

City of Bedford, Ohio
Notes to the Basic Financial Statements
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Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. The fair value of the money market fund is determined by the fund's current share price. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2016 amounted to \$37,022, of which \$427 was assigned from other funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are presented on the financial statements as cash equivalents.

Materials and Supplies Inventory

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2016, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors or laws of other governments or imposed by law through constitutional provisions. Restricted assets in the wastewater enterprise fund represents money set aside as retainage payable on construction projects.

Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets 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 utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of two thousand five hundred dollars. 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. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

All capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

City of Bedford, Ohio
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For the Year Ended December 31, 2016

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Improvements	50 years	50 years
Machinery and Equipment	5-20 years	5-20 years
Furniture and Fixtures	10 years	10 years
Vehicles	5-10 years	7-10 years
Infrastructure	20-50 years	50 years

The City’s infrastructure consists of roads, traffic signals, storm sewers and water and sewer lines and includes infrastructure acquired prior to December 31, 1980.

Interfund Balances

On the fund financial statements, receivables and payables resulting from transactions between funds for services provided or goods received and from short-term interfund loans are classified as “interfund receivables/payables.” Interfund balance amounts are eliminated in the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

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 City records a liability for all accumulated unused vacation time when earned for all employees. Since the City’s policy limits the accrual of vacation time to one year from the employee’s anniversary date, the outstanding liability is recorded as “vacation benefits payable” on the statement of net position rather than as a long-term liability.

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 that the City has identified as probable of receiving payment in the future (those employees who will be eligible to receive termination payments in the next twenty years). The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for all employees after ten years of service and for employees who have met retirement standards of age and/or years of service.

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 proprietary funds are reported on the proprietary fund financial statements.

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

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Net Position

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

Net position restricted for other purposes include security of persons and property through the police and fire departments and recreational activities. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City 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. It also includes the long-term amount of loans receivable, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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 or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance or resolution, as both are equally legally binding) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. 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 City for specific purposes but do not meet the criteria to be classified as restricted or committed. In

City of Bedford, Ohio
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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 City Council. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance or by State Statute. State statute authorizes the Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. City Council assigned fund balance to cover a gap between estimated revenues and appropriations in 2017's budget.

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 fund balance.

The City 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.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water and sewer services and self-insurance programs. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

Deferred Charge on Refunding

The difference between the reacquisition price (funds required to refund the old debt) of various refunding bonds and the net carrying amount of the old debt, the deferred amount (loss) on refunding, is being amortized as a component of interest expense. This accounting loss is amortized over the remaining life of the old debt or the life of the new debt whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

Bond Premiums and Discounts

On the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds using the straight line method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. On fund financial statements, bond premiums are receipted in the year the bonds are issued. On the government-wide financial statements, bond discounts are presented as a decrease of the face amount of the general obligation bonds payable. On fund financial statements, bond discounts are expended in the year the bonds are issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated on the government wide financial statements. Internal allocations of overhead expenses from one function to another or

City of Bedford, Ohio
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For the Year Ended December 31, 2016

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 proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Estimates

The preparation of the 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.

Minimum fund balance policy

City Council has adopted a financial policy to maintain a minimum level of unrestricted fund balance (the total of the committed, assigned and unassigned components of fund balance) in the general fund. The target level is set at 15 percent of general fund's appropriations. This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur. If fund balance falls below the minimum target level because it has been used, essentially as a "revenue" source, as dictated by current circumstances, the policy provides for actions to replenish the amount to the minimum target level. Generally, replenishment is to occur within a three-year period.

Budgetary Data

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of 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 amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the department level and personal services and other for all funds. Budgetary modifications may only be made by resolution of the City Council at the legal level of control. Authority to further allocate Council appropriations within departments has been given to the Director of Finance.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original and final budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original and final appropriations were enacted by Council.

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

City of Bedford, Ohio
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Note 3 – Fund Balances

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

Fund Balances	General	Public Safety	Other Governmental Funds	Total
<u>Nonspendable:</u>				
Prepays	\$57,370	\$0	\$34,705	\$92,075
Inventory	152,548	4,971	0	157,519
<i>Total Nonspendable</i>	<u>209,918</u>	<u>4,971</u>	<u>34,705</u>	<u>249,594</u>
<u>Restricted for:</u>				
Public Safety Services	0	95,157	0	95,157
Community Development	0	0	191,351	191,351
State Highway Maintenance	0	0	149,175	149,175
Indigent Drivers Rehabilitation	0	0	239,347	239,347
Seale Narcotics Law Enforcement	0	0	304,709	304,709
Enforcement and Education - Alcohol	0	0	4,970	4,970
Street Lighting	0	0	92,565	92,565
Street Construction, Maintenance and Repair	0	0	710,696	710,696
Cemetery Improvements	0	0	34,726	34,726
Municipal Court Special Programs	0	0	417,461	417,461
Indigent Interlock and Monitoring	0	0	86,647	86,647
Debt service payments	0	0	172,668	172,668
Capital Improvements	0	0	28,784	28,784
Other Purposes	0	0	384,423	384,423
<i>Total Restricted</i>	<u>0</u>	<u>95,157</u>	<u>2,817,522</u>	<u>2,912,679</u>
<u>Committed to:</u>				
Capital Improvements	17,151	0	11,640	28,791
Marketing	12,532	0	0	12,532
Software/Phone Upgrades	4,070	0	15,710	19,780
Equipment Purchases	15,379	0	0	15,379
Attorney Fees	550	0	0	550
<i>Total Committed</i>	<u>49,682</u>	<u>0</u>	<u>27,350</u>	<u>77,032</u>
<u>Assigned to:</u>				
2017 Operations	1,464,731	0	0	1,464,731
Purchases on Order:				
Workers' Compensation Billings	2,134	0	0	2,134
Supplies and Equipment Purchases	14,882	0	0	14,882
Software Maintenance Agreements	2,005	0	0	2,005
Association Dues	10,740	0	0	10,740
<i>Total Assigned</i>	<u>1,494,492</u>	<u>0</u>	<u>0</u>	<u>1,494,492</u>
Unassigned (Deficit)	6,186,875	0	(429,515)	5,757,360
Total Fund Balances	<u><u>\$7,940,967</u></u>	<u><u>\$100,128</u></u>	<u><u>\$2,450,062</u></u>	<u><u>\$10,491,157</u></u>

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 4- Budgetary Basis of Accounting

While the City is reporting financial position, results of operations, and changes in fund balances 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 presented for the general and public safety funds 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 the GAAP basis are that:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than restricted, committed, or assigned fund balance (GAAP).
4. Unreported cash represents amounts received but not included as revenue on the budgetary statements, but which are reported on the operating statements prepared using GAAP.
5. Investments are reported at cost (budget) rather than fair value (GAAP).
6. Advances-In and Advances-Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
7. Budgetary revenues and expenditures of the enterprise zone, cemetery and recreation funds are classified to the general fund for GAAP reporting.

Adjustments necessary to convert the results of operations at the end of the year on the GAAP basis to the Budget basis are as follows:

Net Change in Fund Balances		
General Fund and Public Safety Special Revenue Fund		
	General	Public Safety
GAAP Basis	(\$1,128,089)	(\$73,189)
Net Adjustment for Revenue Accruals	1,120,332	(5,211)
Beginning Fair Value of Adjustments for Investments	(484)	0
Ending Fair Value of Adjustments for Investments	5,477	0
Beginning Unrecorded Cash	125,785	0
Ending Unrecorded Cash	(120,474)	0
Net Adjustment for Expenditure Accruals	(948,845)	89,061
Advances In	2,800	0
Advances Out	(2,800)	0
Perspective Difference:		
Enterprise Zone	4,941	0
Cemetery	100,862	0
Recreation	160,528	0
Encumbrances	(138,387)	(3,312)
Budget Basis	(\$818,354)	\$7,349

City of Bedford, Ohio
Notes to the Basic Financial Statements
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Note 5 - Deposits and Investments

The City has chosen to follow State statutes and classify monies held by the City into three categories.

Active deposits are public monies determined to be necessary to meet current demands upon the City treasury. Active monies must be maintained either as cash in the City 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 Council 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 City 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 obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, 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. No-load money market mutual funds consisting exclusively of obligations described in (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;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations, bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty 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; and

City of Bedford, Ohio
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8. Written repurchase agreements in the securities described in (1) or (2) 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.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

Investments may only be made through specified dealers and institutions. 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.

The City may also invest any monies not required to be used for a specific period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest, or coupons;
3. Obligations of the City.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party. At year end, \$4,475,030 of the City's bank balance of \$10,314,090 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the Federal Deposit Insurance Corporation.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

Investments are reported at fair value. As of December 31, 2016, the City had the following investments:

City of Bedford, Ohio
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Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Cost:				
Repurchase Agreements	\$2,757,911	Less than 30 days	AAAm	24.66%
Fair Value - Level Two Inputs:				
Money Market Account	1,531,624	Less than one year	AAAm	13.70
Federal Farm Credit Bank Notes	2,251,442	Less than three years	AAA	20.13
Federal National Mortgage Association Notes	3,061,035	Less than five years	AAA	27.37
Federal Home Loan Mortgage Corporation Notes	779,950	Less than five years	AAA	6.98
Federal Home Loan Bank Bonds	800,000	Less than five years	AAA	7.16
Total Fair Value - Level Two Inputs	<u>8,424,051</u>			
Total Investments	<u>\$11,181,962</u>			

The City 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 chart identifies the City's recurring fair value measurements as of December 31, 2016. The City'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 City'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 City's investment portfolio be structured so that 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. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The securities underlying the repurchase agreements are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty. The City has an investment policy dealing with investment custodial credit risk beyond the requirement in State statute that requires securities shall be delivered into the custody of the finance director or governing board or an agent designated by the finance director or governing board.

Credit Risk All investments of the City carry a rating of AAA and AAAm by Standard & Poor's. The City does not have an investment policy that addresses credit risk.

Concentration of Credit Risk The City places no limit on the amount it may invest in any one issuer.

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 6 - Contingencies

Grants

The City receives financial assistance from federal and state agencies in the form of grants. The disbursements of funds received under these programs generally require 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, any such disallowed claims will not have a material effect on the overall financial position of the City at December 31, 2016.

Litigation

The City is a party to various legal proceedings seeking damages. The City management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

Investigation

On April 6, 2011, the City of Bedford Police Department, with assistance from the Cuyahoga County Prosecutor's office, started an investigation into the City of Bedford's Home Rehabilitation Program and possible improprieties related to administering the grant. The City feels it is highly unlikely that an adverse outcome will materially affect the fair presentation of the City's basic financial statements.

The matter is still under investigation. However, based on the City's internal review of the program, the City believes the likelihood of the investigation resulting in any material potential loss or liability, including the possibility of significant disallowance findings related to Federal grant programs, is remote, and that any adverse outcome from those charges would pertain to the City officials and employees subject to the investigation.

On September 23, 2016, the City of Bedford Police Department and the Finance Department, with assistance from the Auditor of State's office, started an investigation into the City of Bedford's Water Department and possible improprieties related to water and sewer collections. The City feels it is highly unlikely that an adverse outcome will materially affect the fair presentation of the City's basic financial statements.

The matter is still under investigation. However, based on the City's internal review of the program, the City believes the likelihood of the investigation resulting in any material potential loss or liability, is remote, and that any adverse outcome from those charges would pertain to the City's employees subject to the investigation.

Note 7 - Receivables

Receivables at December 31, 2016, consisted primarily of municipal income taxes, property taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, accrued interest on investments, and accounts (billings for utility service).

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables except property taxes and special assessments are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

At December 31, 2016, the amount of delinquent special assessments was \$427,675 in the general fund, the street, construction maintenance and repair fund and the special assessment bond retirement fund. However, the City is making a determination on what of this amount is collectible.

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2016 for real and public utility property taxes represents collections of 2015 taxes.

2016 real property taxes were levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

Real property taxes 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 later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2016 public utility property taxes which became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2016, was \$21.70 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2016 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$121,809,130
Commercial Industrial/Public Utility	93,787,530
Tangible Personal Property	
Public Utility	9,514,510
Total	<u><u>\$225,111,170</u></u>

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the county, including the City. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2016, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2016 operations is offset 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.

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Income Taxes

The City levies an income tax of 2.25 percent on all income earned within the City as well as income of residents earned outside the City. The City allows a credit of 1.50 percent on the income earned outside the City and paid to another municipality. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

Intergovernmental Receivables

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amount
Homestead and Rollback	\$232,134
Gasoline Tax	212,576
Local Government	145,818
Grants	117,747
Motor Vehicle License Tax	47,199
Permissive Tax	44,956
Total	<u><u>\$800,430</u></u>

Note 8 – Compensated Absences

Vacation leave is earned at rates which vary depending upon length of service and standard work week. Current policy permits vacation leave to be accumulated up to one year from the one year anniversary date of hire, thereafter, all vacation must be used by December 31. City employees are paid for earned, unused vacation leave at the time of termination of employment.

Sick leave is earned at the rate of one and one quarter days per month of service. Employees with accumulated sick leave in excess of 120 days at November 1 of each year receive payment for the excess over 120 days at the rate of one half the accumulated sick leave over 120 days. Upon retirement, employees are paid one half of the accumulated sick leave.

Note 9 – Accountability

At December 31, 2016, the HUD Rehabilitation Program special revenue and the capital improvement capital projects funds had deficit fund balances of \$261,372 and \$140,793, respectively. The fund deficits are the result of the recognition of expenditures on a modified accrual basis of accounting which are substantially greater than the expenditures recognized on a cash basis. The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur.

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 10 - Interfund Transfers and Balances

Interfund Transfers

Transfer To	Transfer From		Total
	General	Other Governmental Funds	
Major Funds:			
General	\$0	\$103,896	\$103,896
Public Safety	3,811,472	0	3,811,472
Total Major Funds	3,811,472	103,896	3,915,368
Other Governmental Funds:			
Street Construction, Maintenance and Repair	24,167	0	24,167
Grants	13,750	0	13,750
General Obligation Bond Retirement	305,100	43,945	349,045
Total Other Governmental Funds	343,017	43,945	386,962
Total	\$4,154,489	\$147,841	\$4,302,330

The general fund transfers to the major and nonmajor governmental funds were made to provide additional resources for current operations. The transfer from the special assessment debt service fund to the general fund was to close out the fund's balance. The transfer from the municipal court special programs special revenue fund to the general obligation bond retirement fund was to pay the court's portion of the principal and interest due on the bonds issued to build the Court.

Interfund Balances

Interfund balances at December 31, 2016, consist of the following:

	Receivables	Payables
Major Funds		
General Fund	\$261,372	\$85,183
Public Safety	0	73,298
Total Major Funds	261,372	158,481
<i>Special Revenue Funds:</i>		
Street Construction, Maintenance and Repair	0	1,981
Housing and Urban Development Rehabilitation Program	0	261,372
Total Nonmajor Funds	0	263,353
<i>Enterprise Funds:</i>		
Water	0	6,228
Wastewater	0	10,895
Total Nonmajor Funds	0	17,123
Internal Service Fund	177,585	0
Total All Funds	\$438,957	\$438,957

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

The interfund balance at December 31, 2016, consists of an interfund receivable/payable between the general fund and the nonmajor governmental funds in the amount of \$261,372. These loans were made to support housing rehabilitation programs and projects pending the receipt of grant money that will be used to repay the loans. These loans are expected to be repaid in one year. The interfund receivable/payable between the internal service fund and the various governmental and enterprise funds are due to billings related to claims expenses.

Note 11 – Capital Assets

A summary of changes in capital assets during 2016 follows:

	Balance 12/31/15	Additions	Deletions	Balance 12/31/16
Governmental Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$3,074,135	\$0	\$0	\$3,074,135
Construction in Progress	12,000	5,320	(12,000)	5,320
<i>Total Capital Assets Not Being Depreciated</i>	<u>3,086,135</u>	<u>5,320</u>	<u>(12,000)</u>	<u>3,079,455</u>
<i>Capital Assets Being Depreciated</i>				
Buildings and Improvements	17,675,591	5,960	0	17,681,551
Machinery and Equipment	4,577,577	89,588	(10,500)	4,656,665
Furniture and Fixtures	952,563	43,095	0	995,658
Vehicles	4,544,173	230,198	(185,384)	4,588,987
Infrastructure:				
Roads	41,838,270	0	0	41,838,270
Traffic Signals	1,588,375	35,318	0	1,623,693
Railroad Closures/Barriers	410,203	0	0	410,203
Storm Sewers	3,508,512	0	0	3,508,512
<i>Total Capital Assets Being Depreciated</i>	<u>75,095,264</u>	<u>404,159</u>	<u>(195,884)</u>	<u>75,303,539</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(5,214,428)	(385,752)	0	(5,600,180)
Machinery and Equipment	(3,442,074)	(241,800)	10,500	(3,673,374)
Furniture and Fixtures	(856,667)	(22,510)	0	(879,177)
Vehicles	(3,905,753)	(179,070)	184,089	(3,900,734)
Infrastructure:				
Roads	(35,656,656)	(907,596)	0	(36,564,252)
Traffic Signals	(845,917)	(64,712)	0	(910,629)
Railroad Closures/Barriers	(48,939)	(11,524)	0	(60,463)
Storm Sewers	(1,182,741)	(70,171)	0	(1,252,912)
<i>Total Accumulated Depreciation</i>	<u>(51,153,175)</u>	<u>(1,883,135) *</u>	<u>194,589</u>	<u>(52,841,721)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>23,942,089</u>	<u>(1,478,976)</u>	<u>(1,295)</u>	<u>22,461,818</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$27,028,224</u>	<u>(\$1,473,656)</u>	<u>(\$13,295)</u>	<u>\$25,541,273</u>

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

	Balance 12/31/15	Additions	Deletions	Balance 12/31/16
Business-Type Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$28,620	\$0	\$0	\$28,620
Construction in Progress	1,294,652	1,179,289	(6,406)	2,467,535
<i>Total Capital Assets Not Being Depreciated</i>	<u>1,323,272</u>	<u>1,179,289</u>	<u>(6,406)</u>	<u>2,496,155</u>
<i>Capital Assets, Being Depreciated</i>				
Buildings and Improvements	10,909,568	10,650	0	10,920,218
Machinery and Equipment	7,510,140	822,291	0	8,332,431
Furniture and Fixtures	93,772	0	0	93,772
Vehicles	592,339	118,183	0	710,522
Infrastructure:				
Water Lines	8,079,887	0	0	8,079,887
Sanitary Sewer Lines	3,184,837	70,138	0	3,254,975
<i>Total Capital Assets Being Depreciated</i>	<u>30,370,543</u>	<u>1,021,262</u>	<u>0</u>	<u>31,391,805</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(4,443,752)	(234,382)	0	(4,678,134)
Machinery and Equipment	(6,409,249)	(94,527)	0	(6,503,776)
Furniture and Fixtures	(93,772)	0	0	(93,772)
Vehicles	(420,671)	(46,664)	0	(467,335)
Infrastructure:				
Water Lines	(1,398,579)	(133,409)	0	(1,531,988)
Sanitary Sewer Lines	(982,082)	(39,934)	0	(1,022,016)
<i>Total Accumulated Depreciation</i>	<u>(13,748,105)</u>	<u>(548,916)</u>	<u>0</u>	<u>(14,297,021)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>16,622,438</u>	<u>472,346</u>	<u>0</u>	<u>17,094,784</u>
<i>Total Business-Type Capital Assets, Net</i>	<u>\$17,945,710</u>	<u>\$1,651,635</u>	<u>(\$6,406)</u>	<u>\$19,590,939</u>

* Depreciation expense was charged to governmental functions as follows:

General Government	\$263,825
Security of Persons and Property	
Police	149,038
Fire	200,765
Public Health and Welfare	763
Leisure Time Activities	110,667
Community Development	5,600
Basic Utilities Services	618
Transportation	1,151,859
Total	<u><u>\$1,883,135</u></u>

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 12 - Long-term Obligations

The original issue date, maturity date, interest rate and original issuance amount for each of the City's bonds and loans follows:

	Issue Date	Maturity Date	Interest Rate	Original Issue Amount
Governmental Activities				
<i>General Obligation Bonds</i>				
Various Purpose Refunding II	2016	2027	2.18 %	\$6,035,268
General Obligation Refunding Bonds I	2013	2028	1.0-2.75	2,314,300
Capital Improvement	2010	2031	2.3-5.65	2,145,000
General Obligation Refunding Bonds II	2014	2031	2.25-4.0	835,000
<i>Ohio Public Works Commission Loans</i>				
Wandle Avenue	2001	2021	0.00	518,579
Broadway Culvert	2011	2031	0.00	492,432
<i>Police Pension</i>	1968	2035	4.25	245,922
Business-Type Activities				
<i>General Obligation Bonds</i>				
<i>Water</i>				
Washington Street Water Refunding	2016	2026	2.18	389,270
Water Meter	2016	2020	2.1	1,400,000
Capital Improvement	2010	2036	2.3-5.65	1,625,000
General Obligation Refunding Bonds I	2013	2038	1.0-3.5	1,770,000
General Obligation Refunding Bonds II	2014	2036	2.25-4.0	1,145,000
<i>Wastewater</i>				
Sewer Improvement Refunding Bonds II	2016	2022	2.18	304,212
Capital Improvement	2010	2036	2.3-5.65	1,320,000
General Obligation Refunding Bonds I	2013	2038	1.0-3.5	3,555,700
General Obligation Refunding Bonds II	2014	2036	2.25-4.0	920,000
<i>Ohio Water Development Loans</i>				
<i>Wastewater</i>				
Rapid Sandfilter	2002	2023	3.90	2,427,022
<i>Ohio Public Works Commission Loans</i>				
<i>Water</i>				
Northfield Road Water Line	2007	2029	0.00	400,000
Grand, Franklin Water Line	2012	2032	0.00	454,000
<i>Wastewater</i>				
Oxidation Tower Improvements	2004	2025	0.00	822,286
Sludge Thickener	2008	2029	0.00	200,336

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Changes in long-term obligations during the year ended December 31, 2016, consisted of the following:

	Balance 12/31/15	Increase	Decrease	Balance 12/31/16	Amounts Due in One Year
Governmental Activities					
<i>General Obligation Bonds</i>					
Various Purpose Refunding Bonds I					
Serial	\$6,423,500	\$0	\$6,423,500	\$0	\$0
Premium	33,876	0	33,876	0	0
Discount	(30,643)	0	(30,643)	0	0
Total Various Purpose Refunding Bonds	<u>6,426,733</u>	<u>0</u>	<u>6,426,733</u>	<u>0</u>	<u>0</u>
Various Purpose Refunding Bonds II	<u>0</u>	<u>6,035,268</u>	<u>0</u>	<u>6,035,268</u>	<u>672,178</u>
General Obligation Refunding Bonds I					
Serial	1,565,800	0	290,800	1,275,000	90,000
Premium	48,695	0	8,059	40,636	0
Total General Obligation Bonds I	<u>1,614,495</u>	<u>0</u>	<u>298,859</u>	<u>1,315,636</u>	<u>90,000</u>
Capital Improvement Bonds					
Serial	750,000	0	145,000	605,000	150,000
Premium	11,065	0	2,371	8,694	0
Total Capital Improvement Bonds	<u>761,065</u>	<u>0</u>	<u>147,371</u>	<u>613,694</u>	<u>150,000</u>
General Obligation Refunding Bonds II	835,000	0	0	835,000	0
Premium	35,881	0	3,156	32,725	0
Total General Obligation Bonds II	<u>870,881</u>	<u>0</u>	<u>3,156</u>	<u>867,725</u>	<u>0</u>
<i>Total General Obligation Bonds</i>	<u>9,673,174</u>	<u>6,035,268</u>	<u>6,876,119</u>	<u>8,832,323</u>	<u>912,178</u>
<i>Ohio Public Works Commission Loans</i>					
Wandle Avenue	129,644	0	25,929	103,715	25,929
Broadway Culvert	414,681	0	25,917	388,764	25,917
<i>Total Ohio Public Works Commission Loans</i>	<u>544,325</u>	<u>0</u>	<u>51,846</u>	<u>492,479</u>	<u>51,846</u>
<i>Other Long-Term Obligations</i>					
Net Pension Liability					
OPERS	5,169,366	1,816,450	0	6,985,816	0
OP&F	13,412,022	563,822	0	13,975,844	0
<i>Total Net Pension Liability</i>	<u>18,581,388</u>	<u>2,380,272</u>	<u>0</u>	<u>20,961,660</u>	<u>0</u>
Police Pension	161,660	0	5,483	156,177	5,719
Capital Leases Payable	85,006	0	23,010	61,996	22,268
Compensated Absences Payable	1,544,452	779,577	726,326	1,597,703	692,399
<i>Total Other Long-Term Obligations</i>	<u>20,372,506</u>	<u>3,159,849</u>	<u>754,819</u>	<u>22,777,536</u>	<u>720,386</u>
<i>Total Governmental Activities</i>	<u>\$30,590,005</u>	<u>\$9,195,117</u>	<u>\$7,682,784</u>	<u>\$32,102,338</u>	<u>\$1,684,410</u>

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

	Balance 12/31/15	Increase	Decrease	Balance 12/31/16	Amounts Due in One Year
Business-Type Activities					
<i>General Obligation Bonds</i>					
Washington Street Water	\$416,500	\$0	\$416,500	\$0	\$0
Unamortized Premium	2,503	0	2,503	0	0
Unamortized Discount	(2,257)	0	(2,257)	0	0
Total Washington Street Water	416,746	0	416,746	0	0
Washington Street Water Refunding	0	389,270	0	389,270	32,761
Water Meter	0	1,400,000	271,000	1,129,000	274,000
<i>Capital Improvement Bonds</i>					
Serial	265,000	0	50,000	215,000	50,000
Unamortized Premium	3,857	0	827	3,030	0
Total Capital Improvement - Water	268,857	0	50,827	218,030	50,000
<i>General Obligation Refunding Bonds I</i>					
Serial	1,055,000	0	100,000	955,000	100,000
Term	465,000	0	0	465,000	0
Unamortized Premium	31,358	0	2,144	29,214	0
Unamortized Discount	(10,799)	0	(483)	(10,316)	0
Total General Obligation Bonds I - Water	1,540,559	0	101,661	1,438,898	100,000
<i>General Obligation Refunding Bonds II</i>					
Unamortized Premium	68,425	0	3,261	65,164	0
Total General Obligation Bonds II - Water	1,208,425	0	3,261	1,205,164	0
<i>Sewer Improvement Refunding I</i>					
Unamortized Premium	676	0	676	0	0
Unamortized Discount	(450)	0	(450)	0	0
Total Sewer Improvement Refunding	300,226	0	300,226	0	0
<i>Sewer Improvement Refunding II</i>					
	0	304,212	0	304,212	50,710
<i>Capital Improvement Bonds</i>					
Serial	215,000	0	40,000	175,000	40,000
Unamortized Premium	3,214	0	689	2,525	0
Total Capital Improvement - Sewer	218,214	0	40,689	177,525	40,000
<i>General Obligation Refunding Bonds I</i>					
Serial	2,949,200	0	184,200	2,765,000	145,000
Term	215,000	0	0	215,000	0
Unamortized Premium	88,815	0	5,951	82,864	0
Unamortized Discount	(9,327)	0	(537)	(8,790)	0
Total General Obligation Bonds I - Sewer	3,243,688	0	189,614	3,054,074	145,000
<i>General Obligation Refunding Bonds II</i>					
Unamortized Premium	55,375	0	2,639	52,736	0
Total General Obligation Bonds II - Sewer	975,375	0	2,639	972,736	0
<i>Total General Obligation Bonds</i>	8,172,090	2,093,482	1,376,663	8,888,909	692,471
<i>OWDA Loans</i>					
Rapid Sandfilter	\$1,198,841	\$0	\$130,396	\$1,068,445	\$135,530

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

	Balance 12/31/15	Increase	Decrease	Balance 12/31/16	Amounts Due in One Year
Business-Type Activities					
<i>OPWC Loans</i>					
Northfield Road Water Line	\$270,000	\$0	\$20,000	\$250,000	\$20,000
Grand, Franklin Water Line	374,550	0	22,700	351,850	22,700
Oxidation Tower Improvements	390,588	0	41,115	349,473	41,114
Sludge Thickener	135,226	0	10,017	125,209	10,017
<i>Total OPWC Loans</i>	<u>1,170,364</u>	<u>0</u>	<u>93,832</u>	<u>1,076,532</u>	<u>93,831</u>
<i>Other Long-Term Liabilities</i>					
Net Pension Liability OPERS:					
Water	378,246	132,911	0	511,157	0
Wastewater	756,493	265,822	0	1,022,315	0
<i>Total Net Pension Liability</i>	<u>1,134,739</u>	<u>398,733</u>	<u>0</u>	<u>1,533,472</u>	<u>0</u>
Compensated Absences	90,578	56,011	114,193	32,396	3,323
<i>Total Other Long-Term Liabilities</i>	<u>1,225,317</u>	<u>454,744</u>	<u>114,193</u>	<u>1,565,868</u>	<u>3,323</u>
<i>Total Business-Type Activities</i>	<u><u>\$11,766,612</u></u>	<u><u>\$2,548,226</u></u>	<u><u>\$1,715,084</u></u>	<u><u>\$12,599,754</u></u>	<u><u>\$925,155</u></u>

General obligation bonds will be paid from the general obligation bond retirement debt service fund as well as user charges from the appropriate enterprise fund. A portion of the general obligation bonds, specifically for the construction of the municipal complex and the court, is backed by a .25 percent municipal income tax and a municipal court fee added to court cases, respectively.

The OPWC loans will be paid from the general bond retirement debt service fund as well as user charges from the appropriate enterprise fund and income tax. The OWDA loans will be paid from user charges and income tax in the enterprise funds.

Compensated absences will be paid from the general fund, street construction maintenance and repair and public safety special revenue funds and water and wastewater enterprise funds. There is no repayment schedule for the net pension liability. However, employer pension contributions are made from the following funds: general fund, street construction maintenance and repair and public safety special revenue funds and water and wastewater enterprise funds. For additional information related to the net pension liability see Note 14. The capital leases payable will be paid from the general fund. The police pension loan will be paid from the general fund.

During 2016, the City issued \$6,035,268 in various purpose refunding bonds II with an interest rate of 2.18 percent. The bonds were issued for a twelve year period with a final maturity during 2027. The proceeds were used to advance refund \$5,999,100 of outstanding 2006, various purpose refunding bonds I, which had interest rates ranging from 4.00 to 4.125 percent. The 2006 various purpose refunding bonds I included the following issues: a 1999 city hall general obligation bond issue, a 2000 city hall general obligation bond issue, a 2000 city hall court general obligation bond issue and a 2002 sewer improvement general obligation bond issue. Proceeds of \$6,119,601 were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2006 various purpose refunding bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position.

The reacquisition price exceeded the net carrying amount of the old debt by \$118,015. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The government advance refunding of the 2006 various purpose refunding bonds I reduced its total debt service payments over 6 years by

City of Bedford, Ohio
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\$569,597 and obtained an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$507,127.

The balance outstanding on the 2006 various purpose refunding bonds I, at December 31, 2015, was \$6,423,500. A principal payment of \$424,400 was made prior to the refunding, leaving a refunded balance of \$5,999,100.

In 2013, the City defeased a 2002 various purpose general obligation bond issue in order to take advantage of lower interest rates. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. On December 31, 2016, \$320,000 of the defeased bonds are still outstanding.

During 2010, the City issued \$5,090,000 in Capital Improvement Bonds. The issue consisted of tax exempt bonds (serial and term) and Build America Bonds (BABs). The bonds were issued for the purpose of street and bridge/culvert construction, the purchase of an ambulance and a loader, as well as water and sewer infrastructure construction. As part of the American Recovery and Reinvestment Act of 2009, Congress added Sections 54AA and 6431 to the Code, which permit state or local governments to obtain certain tax advantages when they issue BABs. Under Section 6431 of the Code, the City may elect to receive payments directly from the Secretary of the United States Treasury equal to 35 percent of the corresponding interest payable on this issue. In 2014, the BABs portion of this debt issue were refunded. The bonds will be repaid from the bond retirement debt service fund and the water and sewer enterprise funds.

In 2014, the City issued general obligation bonds, in the amount of \$2,900,000, to currently refund the Build America Bonds previously issued in 2010 for capital improvements. The bonds were issued with interest rates varying from 2.25 percent to 4 percent. The bonds were issued for a twenty-three year period with a final maturity during 2036. The bonds will be retired through the bond retirement debt service fund and the water and sewer enterprise funds.

During 2016, the City issued \$389,270 (water) and \$304,212 (sewer), respectively, in various purpose refunding bonds II with an interest rate of 2.18 percent. The bonds were issued for ten and six year periods with final maturities during 2026 and 2022. The proceeds were used to advance refund \$385,900 (water) and \$295,000 (sewer), respectively, of outstanding 2006, various purpose refunding bonds I, which had interest rates ranging from 4.00 to 4.125 percent. The 2006 various purpose refunding bonds I included the following issues: a 2006 Washington Street water bond issue and a 2006 sewer improvement refunding bond issue. Proceeds of \$393,694 (water) and \$300,611 (sewer), respectively, were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2006 various purpose refunding bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position.

The reacquisition price exceeded the net carrying amount of the old debt by \$7,571 (water) and \$5,408 (sewer), respectively. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The water and sewer advance refunding of the 2006 various purpose refunding bonds I reduced its total debt service payments over 6 years by \$35,730 and \$7,691, respectively, and obtained an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$32,139 and \$7,385, respectively.

The balance outstanding on the 2006 various purpose refunding bonds I, at December 31, 2015, was \$416,500 (water) and \$300,000 (sewer). A principal payment of \$30,600 (water) and \$5,000 (sewer) was made prior to the refunding, leaving a refunded balance of \$385,900 (water) and \$295,000 (sewer).

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In 2016, the City issued various purpose general obligation bonds, in the amount of \$1,400,000 in the water fund, as a new debt issuance specific to the installation of water meters. The bonds were issued with a 2.1 percent interest rate. The bonds were issued for a five year period with a final maturity during 2020.

The City has pledged future revenues, net of operating expenses, to repay OWDA and OPWC loans in the wastewater fund. The debt is payable solely from net revenues through 2029. Annual principal and interest payments on the debt issues are expected to require 29.29 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$1,705,917. Principal and interest paid for the current year and total net revenues available were \$227,023 and \$774,966, respectively.

The City has pledged future revenues, net of operating expenses, to repay OPWC loans in the water fund. The debt is payable solely from net revenues through 2032. Annual principal payments on the debt issues are expected to require 3.45 percent of net revenues. The total principal remaining to be paid on the debt is \$601,850. Principal paid for the current year and total net revenues available were \$42,700 and \$1,235,127, respectively.

The City's overall legal debt margin was \$19,248,268 at December 31, 2016. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2016, are as follows:

Governmental Activities

Year	General Obligation Bonds		Police Pension		OPWC Loan
	Principal	Interest	Principal	Interest	
2017	\$912,178	\$272,474	\$5,719	\$6,578	\$51,846
2018	990,004	223,455	5,964	6,332	51,847
2019	1,008,517	202,584	6,221	6,075	51,847
2020	707,994	180,966	6,488	5,808	51,846
2021	724,019	122,182	6,767	5,530	25,918
2022-2026	3,665,616	359,907	38,449	23,031	129,588
2027-2031	741,940	25,270	47,449	14,064	129,587
2032-2035	0	0	39,120	3,360	0
Total	<u>\$8,750,268</u>	<u>\$1,386,838</u>	<u>\$156,177</u>	<u>\$70,778</u>	<u>\$492,479</u>

Business-Type Activities

Year	General Obligation Bonds		OWDA Loans		OPWC Loan
	Principal	Interest	Principal	Interest	
2017	\$692,471	\$359,543	\$135,530	\$40,361	\$93,831
2018	656,316	342,948	140,868	35,024	93,831
2019	665,933	330,120	146,415	29,476	93,830
2020	681,376	316,870	152,180	23,710	93,832
2021	395,571	186,682	158,173	17,717	93,831
2022-2026	1,945,815	782,374	335,279	16,502	407,487
2027-2031	1,910,000	507,871	0	0	188,540
2032-2036	1,560,000	181,811	0	0	11,350
2037-2038	165,000	8,750	0	0	0
Total	<u>\$8,672,482</u>	<u>\$3,016,969</u>	<u>\$1,068,445</u>	<u>\$162,790</u>	<u>\$1,076,532</u>

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Note 13 - Capital Leases

The City entered into lease agreements for a copier and postage meter. The City's lease obligation meets the criteria of a capital lease and has been recorded on the government-wide statements. The original amounts capitalized for the capital lease and the book value as of December 31, 2016 follows:

	Amounts
Asset:	
Equipment	\$110,750
Less: Accumulated Depreciation	(45,874)
Current Book Value	\$64,876

The following is a schedule of the future long-term minimum lease payments required under the capital lease and present value of the minimum lease payments is as follows:

Year Ending December 31,	
2017	\$22,268
2018	15,986
2019	13,892
2020	9,850
Present Value of Minimum Lease	\$61,996

Capital lease payments have been reclassified and reflected as debt service in the fund financial statement for the general fund. These expenditures are reflected as program expenditures on a budgetary basis.

Note 14 - Defined Benefit Pension Plans

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

City of Bedford, Ohio
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Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2016 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$736,814 for 2016. Of this amount, \$72,900 is reported as an intergovernmental payable.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service

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commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013, is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
2016 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2016 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$973,423 for 2016. Of this amount, \$106,999 is reported as an intergovernmental payable.

In addition to current contributions, the City pays installments on a specific liability the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2016, the specific liability of the City was \$156,177, payable in semi-annual payments through the year 2035.

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

The net pension liability for OPERS was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.049184%	0.2172500%	
Prior Measurement Date	<u>0.052268%</u>	<u>0.2588985%</u>	
Change in Proportionate Share	<u>-0.0030840%</u>	<u>-0.0416485%</u>	
			<u>Total</u>
Proportionate Share of the Net Pension Liability	\$8,519,288	\$13,975,844	\$22,495,132
Pension Expense	\$1,081,338	\$1,641,248	\$2,722,586

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$2,504,139	\$2,274,732	\$4,778,871
City contributions subsequent to the measurement date	<u>736,814</u>	<u>973,423</u>	<u>1,710,237</u>
Total Deferred Outflows of Resources	<u>\$3,240,953</u>	<u>\$3,248,155</u>	<u>\$6,489,108</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$164,609	\$39,244	\$203,853
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>245,417</u>	<u>1,731,043</u>	<u>\$1,976,460</u>
Total Deferred Inflows of Resources	<u>\$410,026</u>	<u>\$1,770,287</u>	<u>\$2,180,313</u>

\$1,710,237 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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Year Ending December 31:	OPERS	OP&F	Total
2017	\$434,443	\$257,904	\$692,347
2018	474,483	257,904	732,387
2019	618,498	257,904	876,402
2020	566,689	127,640	694,329
2021	0	(333,534)	(333,534)
Thereafter	0	(63,373)	(63,373)
Total	<u>\$2,094,113</u>	<u>\$504,445</u>	<u>\$2,598,558</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification 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. The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuations are presented below.

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the

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Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
Total	100.00 %	5.27 %

Discount Rate The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$13,573,308	\$8,519,288	\$4,256,383

Changes between Measurement Date and Report Date

In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the City’s net pension liability is expected to be significant.

City of Bedford, Ohio
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Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2015, is based on the results of an actuarial valuation date of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and 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.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2015, are presented below:

Valuation Date	January 1, 2015
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent, simple

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the 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 a weighted averaged 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. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2015, are summarized below:

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Asset Class	Target Allocation	10 Year Expected Real Rate of Return**	30 Year Expected Real Rate of Return**
Cash and Cash Equivalents	- %	0.00 %	0.00 %
Domestic Equity	16.00	6.50	7.80
Non-US Equity	16.00	6.70	8.00
Core Fixed Income *	20.00	3.50	5.35
Global Inflation Protected Securities*	20.00	3.50	4.73
High Yield	15.00	6.35	7.21
Real Estate	12.00	5.80	7.43
Private Markets	8.00	9.50	10.73
Timber	5.00	6.55	7.35
Master Limited Partnerships	8.00	9.65	10.75
Total	<u>120.00 %</u>		

Note: Assumptions are geometric.

* levered 2x

** Numbers are net of expected inflation

OP&F's Board of Trustees has incorporated the "risk parity" concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate The total pension liability was calculated using the discount rate of 8.25 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 earning were calculated using the longer-term assumed investment rate of return 8.25 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, a 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 City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$18,432,267	\$13,975,844	\$10,200,816

Note 15 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

Substantially all of the City's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015 and 2014 was \$122,802, \$122,441 and \$132,965, respectively. For 2016, 88.95 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2015 and 2014.

Police and Fire Pension Fund

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OPF) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by OPF. OPF provides health care benefits including coverage for medical, prescription drug, dental, vision, Medicare Part B Premium, and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units. Active members do not make contributions to the OPEB Plan.

OPF maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OPF Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contribution made to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2016, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contribution allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

The OPF Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contribution to OPF for the years ended December 31, 2016, 2015 and 2014 were \$996,426, \$1,027,462 and \$1,109,016, respectively, of which \$23,003, \$23,638 and \$25,543, respectively, was allocated to the healthcare plan. For 2016, 97.68 percent has been contributed for both police and firefighters with the balance being reported as an *intergovernmental payable*. The full amount has been contributed for 2015 and 2014.

Note 16 – 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 year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

<i>Governmental Funds:</i>		<i>Proprietary Funds:</i>	
General	\$138,387	Water	\$342,346
Public Safety	3,312	Wastewater	739,886
Other Governmental Funds	287,648	Total Proprietary	<u>\$1,082,232</u>
Total Governmental	<u>\$429,347</u>		

Contractual Commitments

As of December 31, 2016, the City had the following contract balances for various construction projects:

Replace Primary Digester	\$498,088
Water Meter Replacements	247,040
Columbus Road Water Line	51,129
Replace Pumps in Other Stations	14,807
Tinkers Creek Sewer	12,600
Archer Road Pump Station Rehabilitation	12,078
3-Way Valve Replacement Piping	6,522
Electrical Voltage/Phase Monitoring	4,052
700 Wellmon Demolition	1,800
Total	<u>\$848,116</u>

Remaining commitment amounts were encumbered at year end.

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 17 - Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year, the City contracted with the Ohio Municipal League Joint Insurance Group for all insurance. The coverage and deductibles are as follows:

Type of Coverage	Coverage	Deductible
Automobile Liability	\$5,000,000	\$0
General Liability	5,000,000 per occurrence	1,000
Property Liability	50,343,082	1,000
Boiler and Machinery	10,000,000	1,000
Emergency Medical Services Liability	5,000,000 per occurrence	1,000
Law Enforcement Liability	5,000,000 per occurrence	2,500
Public Officials Liability	5,000,000	2,500
Employee Benefit Liability	1,000,000 aggregate	1,000
Uninsured Motorists	25,000	0
Stop Gap	1,000,000 aggregate	1,000
Municipal Attorney and Law Director Liability	1,000,000 aggregate	2,500
Fire Damage Liability	100,000	1,000
Electric Software and Data Processing	5,000,000	1,000
Cyber Risk Security	1,000,000 aggregate	10,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

The City has elected to provide employee hospital/medical, prescription, dental, and vision insurance benefits through a partially self-insured program. The City established a health insurance internal service fund to account for and finance the cost of this program.

Medical Mutual of Ohio serves as the third party administrator who reviews and processes medical, prescription, dental and vision claims which the City then pays after discounts are applied. The City has stop loss coverage of \$150,000 per individual. The departments are charged an amount annually equal to the estimated costs for the year divided by the number of qualified covered employees.

The claims liability of \$187,754 as estimated by the third party administrator and reported in the health insurance internal service fund at December 31, 2016, is based on the requirements of GASB Statement No. 30 which requires a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The estimate was not affected by incremental claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the funds claims liability amount in 2015 and 2016 were as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2015	\$193,752	\$2,293,543	\$2,354,008	\$133,287
2016	133,287	2,304,645	2,250,178	187,754

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Workers' compensation coverage is provided by the State of Ohio. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 18 – Jointly Governed Organizations

Southeast Emergency Communication Center

The City is a member of the Southeast Emergency Communication Center (SECC). SECC was formed by the Southeast Regional Council of Governments to foster cooperation through the sharing of operations of a central dispatch center for safety forces of the participating cities. SECC is currently comprised of 4 communities.

The SECC is provided with legislative oversight from the Mayors of Maple Heights, Bedford Heights, Garfield Heights and the City Manager for the City of Bedford. The SECC's Administrative Board consists of the chiefs of police and fire of each member municipality. If additional municipal corporations contract with the SECC for dispatch services, the Board of Trustees in their discretion shall determine whether or not to increase the size of the Board of Trustees to include new representation. The Board oversees and manages the operation of the program. The degree of control exercised by any participating government is limited to its representation in the general assembly and on the Board. The City of Bedford contributed \$476,146 to SECC during 2016. Financial information can be obtained by contacting Greg Duber, Administrator, 5661 Perkins Road, Bedford Heights, Ohio 44146.

Northeast Ohio Public Energy Council

The City is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 200 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities. This agency is not associated with any material accounts with the City finances itself (they are limited to 700 units or less of consumption).

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors.

The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Bedford did not contribute to NOPEC during 2016. Financial information can be obtained by contacting Ronald McVoy, Board Chairman, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

Note 19 – Change in Accounting Principle

For 2016, the City implemented Governmental Accounting Standards Board (GASB) Statement No 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68," GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments," and GASB Statement No. 82, "Pension Issues an Amendment of GASB Statements No. 67, No. 68 and No. 73."

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68. The implementation of this GASB pronouncement did not result in any changes to the City's financial statements.

GASB Statement No. 76 identifies-in the context of the current governmental financial reporting environment-the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles. The implementation of this GASB pronouncement did not result in any changes to the City's financial statements.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the City's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

Note 20 - Tax Abatement Disclosures

As of December 31, 2016, the City of Bedford provides tax incentives under two programs: The Community Reinvestment Area (CRA) and The Economic Development Job Creation and Retention Program.

Real Estate tax abatements

Pursuant to Ohio Revised Code Chapter 5709, the City established a Community Reinvestment area in 1997 and updated this in 2005, which included all land within the boundaries of the City of Bedford. The City of Bedford authorizes incentives through passage of public ordinances, based upon each businesses investment criteria, and through a contractual application process with each business, including proof that the improvement have been made. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient's property tax bill. The establishment of the Community Reinvestment Area gave the City the ability to maintain and expand business located in the City and created new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes, from new or improved business real estate and includes major housing improvements. The City of Bedford also contracts with the Bedford City School District for payments in lieu of taxes when required by Section 5709.82 of the Ohio Revised Code.

Income tax abatement programs

The City of Bedford created the Economic Development Job Creation and Retention Program in 2003, the purpose of the program is to maintain Bedford's competitiveness as a site for location of new businesses and the expansion of existing businesses. Pursuant to Ohio Revised Code Chapter 718 and City ordinance, the City provides an incentive to the company based upon the company's gross annual payroll, the amount of income tax generated annually and the number of jobs created or retained by the business. The abatement is administered as a refund based upon the company's payroll taxes. Also, the time period of the incentive in years, is determined by how many new jobs are to be created by the company. The cap on the incentive is \$22,500 per year, with an incentive period of no more than 10 years.

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

City Council's incentive criteria for decision making

The City of Bedford has offered tax incentives and CRA abatements to various businesses based upon substantial project investment into the City. The City considers projects that have at least a \$1 million dollar real estate investment into a property, along with the retention and creation of at least 5 jobs with a payroll increasing at least \$1 million dollars annually. There have been a few CRA tax abatement transactions in the past that were less than the criteria above, however, these projects rehabilitated some areas of the city needing improvement with much success. One project was given incentives to a business to clean up a brownfield making way for new businesses thereby, increasing real estate values on this site and employment as well.

Below is the information relevant to the disclosure of those programs for the year ended December 31, 2016.

Tax Abatement Program	Total Amount of Taxes Abated (Incentives Abated) For the year 2016 (In Actual Dollars)
<i>Community Reinvestment Area (CRA)</i>	
- Manufacturing	\$427,218
- Retail	20,305
- Professional Buildings	13,969

Pursuant to Section 5709.82 of the Ohio Revised Code, The City of Bedford and the Bedford City School District in line with section 5709.82 of the Ohio Revised Code, created various Community Reinvestment Area Compensation Agreements. These agreements stating various reimbursement percentages (30 percent, 15 percent and 10 percent), require municipal income tax revenue sharing with the Bedford City School District when new income tax collections exceed \$1 million dollars and the corresponding CRA abatement percentage on the project is greater than 50 percent.

The following are the required amounts of income tax dollars paid by the City to the Bedford City School District in 2016:

- Manufacturing	10 percent of Municipal Income Tax Revenue	\$15,524
- Retail	15 percent of Municipal Income Tax Revenue	10,018

Note 21 – Subsequent Event

The City of Bedford placed an income tax rate and credit allowance increase issue on the ballot for May 2, 2017 (ISSUE 1). The increase and credit allowance was increased by 0.75 percent. The rates will increase as follows: the current tax rate in 2017 is 2.25 percent with a 100 percent credit allowance paid to another municipality, up to 1.50 percent. The new rate, starting January 1, 2018, will be 3.0 percent with a 100 percent credit allowance paid to another municipality, up to 2.25 percent. This issue passed by a vote of 81 percent for the tax increase. This increase will allow the City to hire three additional police officers as well start a street resurfacing and sidewalk program, totaling \$400,000 per year. The increase is anticipated to generate \$1.9 million more in 2018 and \$2.5 million in 2019 towards the general fund operations, capital improvements and increased police security.

City of Bedford, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

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Required Supplementary Information

City of Bedford, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the
Net Pension Liability
Ohio Public Employees Retirement System - Traditional Plan
Last Three Years (1)

	2016	2015	2014
City's Proportion of the Net Pension Liability	0.049184%	0.052268%	0.052268%
City's Proportionate Share of the Net Pension Liability	\$8,519,288	\$6,304,105	\$6,161,716
City's Covered Payroll	\$6,122,082	\$6,408,142	\$6,729,755
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	139.16%	98.38%	91.56%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%

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

* Amounts presented as of the City's measurement date which is the prior year end.

City of Bedford Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the
Net Pension Liability
Ohio Police and Fire Pension Fund
Last Three Years (1)

	2016	2015	2014
City's Proportion of the Net Pension Liability	0.2172500%	0.2588985%	0.2588985%
City's Proportionate Share of the Net Pension Liability	\$13,975,844	\$13,412,022	\$12,609,169
City's Covered Payroll	\$4,727,478	\$5,111,638	\$5,257,964
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	295.63%	262.38%	239.81%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.77%	71.71%	73.00%

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

* Amounts presented as of the City's measurement date which is the prior year end.

City of Bedford, Ohio
Required Supplementary Information
Schedule of the City's Contributions
Ohio Public Employees Retirement System - Traditional Plan
Last Four Years (1)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$736,814	\$734,650	\$768,977	\$874,868
Contributions in Relation to the Contractually Required Contribution	<u>(736,814)</u>	<u>(734,650)</u>	<u>(768,977)</u>	<u>(874,868)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$6,140,117	\$6,122,082	\$6,408,142	\$6,729,755
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	12.00%	13.00%

(1) Although this schedule is intended to show information for ten years, information prior to 2013 is not available. An additional column will be added each year.

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City of Bedford, Ohio
Required Supplementary Information
Schedule of the City's Contributions
Ohio Police and Fire Pension Fund
Last Ten Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$973,423	\$1,003,825	\$1,083,473	\$948,595
Contributions in Relation to the Contractually Required Contribution	<u>(973,423)</u>	<u>(1,003,825)</u>	<u>(1,083,473)</u>	<u>(948,595)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$4,600,577	\$4,727,478	\$5,111,638	\$5,257,964
Contributions as a Percentage of Covered-Employee Payroll	21.16%	21.23%	21.20%	18.04%

2012	2011	2010	2009	2008	2007
\$688,643	\$676,821	\$680,801	\$629,618	\$658,587	\$608,673
(688,643)	(676,821)	(680,801)	(629,618)	(658,587)	(608,673)
\$0	\$0	\$0	\$0	\$0	\$0
\$4,635,599	\$4,586,587	\$4,613,054	\$4,269,366	\$4,428,420	\$4,101,531
14.86%	14.76%	14.76%	14.75%	14.87%	14.84%

Combining and Individual Fund Statements and Schedules

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

To account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditure for specified purposes other than debt service or capital projects.

Community Development Block Grant Fund - To account for and report restricted monies received from the Federal government and expenditures as prescribed under the Community Development Block Grant Program.

State Highway Fund - To account for and report that portion of the State gasoline tax and motor vehicle registration fees restricted for maintenance of State highways within the City.

Indigent Drivers Fund - To account for and report the restricted additional fees collected by the Bedford Municipal Court under State law. Such funds are to be used in the rehabilitation of DUI indigent citizens.

SEALE Narcotics Fund - To account for and report restricted monies received from the Governor's Office of Criminal Justice Services for the enforcement of drug law violations within multi-jurisdiction organizations.

Enforcement and Education Fund - To account for and report restricted intergovernmental monies used to pay costs incurred in educating the public about the dangers of and enforcing the laws against operating a motor vehicle while under the influence of alcohol.

Street Lighting Fund - To account for and report the collection of special assessments restricted for street lighting.

Street Construction, Maintenance and Repair Fund - To account for and report that portion of the State gasoline tax and motor vehicle registration fees restricted for street maintenance and repair.

Law Enforcement Trust Fund - To account for and report restricted monies received from the confiscated property and all fines from drug law violations to be used solely for drug law enforcement purposes.

Motor Vehicle License Fund - To account for and report the City's share of additional motor vehicle registration fees. Expenditures are restricted by State law for the maintenance and repair of streets.

Grants Fund - To account for and report restricted monies received through various grants and donations given to the City.

Municipal Court Special Programs Fund - To account for and report the restricted receipts of fines and forfeitures collected by the Court used for professional services and capital items for security.

Housing and Urban Development (HUD) Rehabilitation Program Fund - To account for and report Housing and Urban Development grants restricted to the acquisition, rehabilitation, and resale of foreclosed and abandoned homes. This fund had no budgetary activity for 2016.

(continued)

Combining Statements – Nonmajor Governmental Funds (continued)

Nonmajor Special Revenue Funds (continued)

Indigent Interlock and Monitoring Fund - To account for and report fines and forfeitures restricted for the indigent interlock and monitoring program.

Cemetery Donations Fund - To account for and report restricted cemetery charges to maintain gravesites.

Bedford Municipal Court Legal Research Fund - To account for and report the restricted fines used for personnel researching case law and issues pertinent to the operation of the Court.

Refuse Fee Fund - To account for and report the collection of special assessments restricted for waste collection.

Enterprise Zone Fund - To account for and report monies collected from a contract with the City of Solon used to promote development for the City of Bedford. This fund is included with the general fund for GAAP reporting because the ordinance establishing the fund does not include a revenue source.

Cemetery Fund - To account for and report the operation and maintenance of City owned cemeteries. This fund is included with the general fund for GAAP reporting because the ordinance establishing the fund does not include a revenue source.

Recreation Fund - To account for and report the receipts of recreation activity fees to pay for the costs of operating the City's recreation programs. This fund is included with the general fund for GAAP reporting because the ordinance establishing the fund does not include a revenue source.

Nonmajor Debt Service Funds

Debt service funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest.

General Obligation Bond Retirement Fund - To account for and report resources restricted for the payment of principal and interest and fiscal charges on general obligation debt.

Special Assessment Bond Retirement Fund - To account for and report the collection of special assessments levied against benefited properties restricted for the payment of special assessment bond principal, interest and related costs.

Nonmajor Capital Projects Funds

Capital projects funds are used to account and report financial resources that are restricted, committed or assigned to expenditure for capital outlays including the acquisition or construction of major capital facilities and other capital assets, other than those financed by proprietary funds or for assets that will be held in trust.

Municipal Court Computer Fund - To account for and report the receipt of specific court fees and related expenditures which are restricted to the purchase and upgrade of computer equipment for the Court.

Capital Improvement Fund - To account for and report various revenues which are assigned for various capital improvements.

City of Bedford, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,530,399	\$172,668	\$1,044,924	\$3,747,991
Intergovernmental Receivable	380,343	0	0	380,343
Prepaid Items	30,038	0	4,667	34,705
Special Assessments Receivable	1,125,829	0	0	1,125,829
<i>Total Assets</i>	<u>\$4,066,609</u>	<u>\$172,668</u>	<u>\$1,049,591</u>	<u>\$5,288,868</u>
Liabilities				
Accounts Payable	\$76,783	\$0	\$0	\$76,783
Accrued Wages	8,842	0	0	8,842
Intergovernmental Payable	2,260	0	0	2,260
Interfund Payable	263,353	0	0	263,353
Unearned Revenue	0	0	1,156,933	1,156,933
<i>Total Liabilities</i>	<u>351,238</u>	<u>0</u>	<u>1,156,933</u>	<u>1,508,171</u>
Deferred Inflows of Resources				
Unavailable Revenue	1,330,635	0	0	1,330,635
Fund Balances				
Nonspendable	30,038	0	4,667	34,705
Restricted	2,616,070	172,668	28,784	2,817,522
Committed	0	0	27,350	27,350
Unassigned (Deficit)	(261,372)	0	(168,143)	(429,515)
<i>Total Fund Balances (Deficit)</i>	<u>2,384,736</u>	<u>172,668</u>	<u>(107,342)</u>	<u>2,450,062</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$4,066,609</u>	<u>\$172,668</u>	<u>\$1,049,591</u>	<u>\$5,288,868</u>

City of Bedford, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Other Governmental Funds
Revenues				
Municipal Income Taxes	\$0	\$853,939	\$0	\$853,939
Charges for Services	760	0	0	760
Fines and Forfeitures	176,070	0	56,294	232,364
Intergovernmental	1,096,313	0	0	1,096,313
Special Assessments	1,032,443	1,072	0	1,033,515
Contributions and Donations	12,600	0	0	12,600
Interest	11,777	3,535	1,727	17,039
Other	110,595	120,501	36,022	267,118
<i>Total Revenues</i>	<u>2,440,558</u>	<u>979,047</u>	<u>94,043</u>	<u>3,513,648</u>
Expenditures				
Current:				
General Government	69,962	0	0	69,962
Security of Persons and Property:				
Police	405,632	0	0	405,632
Fire	9,780	0	0	9,780
Public Health and Welfare	47,714	0	0	47,714
Leisure Time Activities	11,799	0	0	11,799
Community Development	229,755	0	0	229,755
Basic Utility Services	1,001,800	0	0	1,001,800
Transportation	825,571	0	0	825,571
Capital Outlay	0	0	114,405	114,405
Debt Service:				
Principal Retirement	0	912,046	0	912,046
Interest and Fiscal Charges	0	336,395	0	336,395
Payment to Refunded Bond Escrow Agent	0	127,058	0	127,058
Bond Issuance Costs	0	42,725	0	42,725
<i>Total Expenditures</i>	<u>2,602,013</u>	<u>1,418,224</u>	<u>114,405</u>	<u>4,134,642</u>
<i>Excess of Revenues</i> <i>Over (Under) Expenditures</i>	<u>(161,455)</u>	<u>(439,177)</u>	<u>(20,362)</u>	<u>(620,994)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	6,655	0	0	6,655
General Obligation Refunding Bonds Issued	0	6,035,268	0	6,035,268
Payment to Refunded Bond Escrow Agent	0	(5,992,543)	0	(5,992,543)
Transfers In	37,917	349,045	0	386,962
Transfers Out	(43,945)	(103,896)	0	(147,841)
<i>Total Other Financing Sources (Uses)</i>	<u>627</u>	<u>287,874</u>	<u>0</u>	<u>288,501</u>
<i>Net Change in Fund Balances</i>	(160,828)	(151,303)	(20,362)	(332,493)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>2,545,564</u>	<u>323,971</u>	<u>(86,980)</u>	<u>2,782,555</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$2,384,736</u>	<u>\$172,668</u>	<u>(\$107,342)</u>	<u>\$2,450,062</u>

City of Bedford, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016

	Community Development Block Grant	State Highway	Indigent Drivers
Assets			
Equity in Pooled Cash and Cash Equivalents	\$191,351	\$189,424	\$226,403
Intergovernmental Receivable	0	19,443	12,944
Prepaid Items	0	0	0
Special Assessments Receivable	0	0	0
<i>Total Assets</i>	<u>\$191,351</u>	<u>\$208,867</u>	<u>\$239,347</u>
Liabilities			
Accounts Payable	\$0	\$46,653	\$0
Accrued Wages	0	0	0
Intergovernmental Payable	0	0	0
Interfund Payable	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>46,653</u>	<u>0</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	13,039	0
Fund Balances			
Nonspendable	0	0	0
Restricted	191,351	149,175	239,347
Unassigned (Deficit)	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>191,351</u>	<u>149,175</u>	<u>239,347</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$191,351</u>	<u>\$208,867</u>	<u>\$239,347</u>

<u>SEALE Narcotics</u>	<u>Enforcement and Education</u>	<u>Street Lighting</u>	<u>Street Construction, Maintenance and Repair</u>	<u>Law Enforcement Trust</u>
\$259,709	\$4,970	\$92,565	\$655,431	\$44,907
45,000	0	0	240,332	0
12,372	0	0	0	0
0	0	342,277	0	0
<u>\$317,081</u>	<u>\$4,970</u>	<u>\$434,842</u>	<u>\$895,763</u>	<u>\$44,907</u>
\$0	\$0	\$0	\$10,846	\$0
0	0	0	8,842	0
0	0	0	2,260	0
0	0	0	1,981	0
0	0	0	23,929	0
0	0	342,277	161,138	0
12,372	0	0	0	0
304,709	4,970	92,565	710,696	44,907
0	0	0	0	0
<u>317,081</u>	<u>4,970</u>	<u>92,565</u>	<u>710,696</u>	<u>44,907</u>
<u>\$317,081</u>	<u>\$4,970</u>	<u>\$434,842</u>	<u>\$895,763</u>	<u>\$44,907</u>

(continued)

City of Bedford, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2016

	Motor Vehicle License	Grants	Municipal Court Special Programs
Assets			
Equity in Pooled Cash and Cash Equivalents	\$185,981	\$83,499	\$420,051
Intergovernmental Receivable	44,956	17,668	0
Prepaid Items	0	0	17,666
Special Assessments Receivable	0	0	0
<i>Total Assets</i>	<u>\$230,937</u>	<u>\$101,167</u>	<u>\$437,717</u>
Liabilities			
Accounts Payable	\$16,694	\$0	\$2,590
Accrued Wages	0	0	0
Intergovernmental Payable	0	0	0
Interfund Payable	0	0	0
<i>Total Liabilities</i>	<u>16,694</u>	<u>0</u>	<u>2,590</u>
Deferred Inflows of Resources			
Unavailable Revenue	30,629	0	0
Fund Balances			
Nonspendable	0	0	17,666
Restricted	183,614	101,167	417,461
Unassigned (Deficit)	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>183,614</u>	<u>101,167</u>	<u>435,127</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$230,937</u>	<u>\$101,167</u>	<u>\$437,717</u>

HUD Rehabilitation Program	Indigent Interlock and Monitoring	Cemetery Donations	Bedford Municipal Court Legal Research	Refuse Fee	Total Nonmajor Special Revenue Funds
\$0	\$86,647	\$34,726	\$3,947	\$50,788	\$2,530,399
0	0	0	0	0	380,343
0	0	0	0	0	30,038
0	0	0	0	783,552	1,125,829
<u>\$0</u>	<u>\$86,647</u>	<u>\$34,726</u>	<u>\$3,947</u>	<u>\$834,340</u>	<u>\$4,066,609</u>
\$0	\$0	\$0	\$0	\$0	\$76,783
0	0	0	0	0	8,842
0	0	0	0	0	2,260
261,372	0	0	0	0	263,353
<u>261,372</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>351,238</u>
0	0	0	0	783,552	1,330,635
0	0	0	0	0	30,038
0	86,647	34,726	3,947	50,788	2,616,070
(261,372)	0	0	0	0	(261,372)
<u>(261,372)</u>	<u>86,647</u>	<u>34,726</u>	<u>3,947</u>	<u>50,788</u>	<u>2,384,736</u>
<u>\$0</u>	<u>\$86,647</u>	<u>\$34,726</u>	<u>\$3,947</u>	<u>\$834,340</u>	<u>\$4,066,609</u>

City of Bedford, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016

	Community Development Block Grant	State Highway	Indigent Drivers	SEALE Narcotics	Enforcement and Education
Revenues					
Charges for Services	\$0	\$0	\$0	\$0	\$0
Fines and Forfeitures	0	0	0	0	0
Intergovernmental	0	39,410	42,595	359,292	499
Special Assessments	0	0	0	0	0
Contributions and Donations	0	0	0	0	0
Interest	0	797	1,262	0	26
Other	0	0	0	110,545	0
<i>Total Revenues</i>	<u>0</u>	<u>40,207</u>	<u>43,857</u>	<u>469,837</u>	<u>525</u>
Expenditures					
Current:					
General Government	0	0	0	0	0
Security of Persons and Property:					
Police	0	0	0	324,662	0
Fire	0	0	0	0	0
Public Health and Welfare	0	0	38,290	0	0
Leisure Time Activities	0	0	0	0	0
Community Development	229,755	0	0	0	0
Basic Utility Services	0	0	0	0	0
Transportation	0	46,653	0	0	0
<i>Total Expenditures</i>	<u>229,755</u>	<u>46,653</u>	<u>38,290</u>	<u>324,662</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(229,755)</u>	<u>(6,446)</u>	<u>5,567</u>	<u>145,175</u>	<u>525</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	0	0	0	0	0
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(229,755)</u>	<u>(6,446)</u>	<u>5,567</u>	<u>145,175</u>	<u>525</u>
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>421,106</u>	<u>155,621</u>	<u>233,780</u>	<u>171,906</u>	<u>4,445</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$191,351</u>	<u>\$149,175</u>	<u>\$239,347</u>	<u>\$317,081</u>	<u>\$4,970</u>

Street Lighting	Street Construction, Maintenance and Repair	Law Enforcement Trust	Motor Vehicle License	Grants	Municipal Court Special Programs	HUD Rehabilitation Program
\$0	\$0	\$0	\$0	\$760	\$0	\$0
0	0	5,889	0	0	137,816	0
0	487,326	0	87,704	79,487	0	0
311,439	0	0	0	0	0	0
0	0	0	0	12,600	0	0
775	4,219	249	794	0	2,216	0
0	0	0	0	0	0	0
312,214	491,545	6,138	88,498	92,847	140,032	0
0	0	0	0	734	26,520	0
0	0	7,466	0	73,504	0	0
0	0	0	0	9,780	0	0
0	0	0	0	0	0	0
0	0	0	0	11,799	0	0
0	0	0	0	0	0	0
330,752	0	0	0	0	0	0
0	667,181	0	106,694	5,043	0	0
330,752	667,181	7,466	106,694	100,860	26,520	0
(18,538)	(175,636)	(1,328)	(18,196)	(8,013)	113,512	0
0	6,655	0	0	0	0	0
0	24,167	0	0	13,750	0	0
0	0	0	0	0	(43,945)	0
0	30,822	0	0	13,750	(43,945)	0
(18,538)	(144,814)	(1,328)	(18,196)	5,737	69,567	0
111,103	855,510	46,235	201,810	95,430	365,560	(261,372)
\$92,565	\$710,696	\$44,907	\$183,614	\$101,167	\$435,127	(\$261,372)

(continued)

City of Bedford, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2016

	Indigent Interlock and Monitoring	Cemetery Donations	Bedford Municipal Court Legal Research	Refuse Fee	Total Nonmajor Special Revenue Funds
Revenues					
Charges for Services	\$0	\$0	\$0	\$0	\$760
Fines and Forfeitures	13,920	0	18,445	0	176,070
Intergovernmental	0	0	0	0	1,096,313
Special Assessments	0	0	0	721,004	1,032,443
Contributions and Donations	0	0	0	0	12,600
Interest	491	236	48	664	11,777
Other	0	50	0	0	110,595
<i>Total Revenues</i>	<u>14,411</u>	<u>286</u>	<u>18,493</u>	<u>721,668</u>	<u>2,440,558</u>
Expenditures					
Current:					
General Government	19,606	0	23,102	0	69,962
Security of Persons and Property:					
Police	0	0	0	0	405,632
Fire	0	0	0	0	9,780
Public Health and Welfare	0	9,424	0	0	47,714
Leisure Time Activities	0	0	0	0	11,799
Community Development	0	0	0	0	229,755
Basic Utility Services	0	0	0	671,048	1,001,800
Transportation	0	0	0	0	825,571
<i>Total Expenditures</i>	<u>19,606</u>	<u>9,424</u>	<u>23,102</u>	<u>671,048</u>	<u>2,602,013</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(5,195)</u>	<u>(9,138)</u>	<u>(4,609)</u>	<u>50,620</u>	<u>(161,455)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	0	0	0	0	6,655
Transfers In	0	0	0	0	37,917
Transfers Out	0	0	0	0	(43,945)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>627</u>
<i>Net Change in Fund Balances</i>	<u>(5,195)</u>	<u>(9,138)</u>	<u>(4,609)</u>	<u>50,620</u>	<u>(160,828)</u>
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>91,842</u>	<u>43,864</u>	<u>8,556</u>	<u>168</u>	<u>2,545,564</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$86,647</u>	<u>\$34,726</u>	<u>\$3,947</u>	<u>\$50,788</u>	<u>\$2,384,736</u>

City of Bedford, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2016

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Revenues			
Municipal Income Taxes	\$853,939	\$0	\$853,939
Special Assessments	0	1,072	1,072
Interest	3,535	0	3,535
Other	120,501	0	120,501
<i>Total Revenues</i>	<u>977,975</u>	<u>1,072</u>	<u>979,047</u>
Expenditures			
Debt Service:			
Principal Retirement	912,046	0	912,046
Interest and Fiscal Charges	336,395	0	336,395
Payment to Refunded Bond Escrow Agent	127,058	0	127,058
Bond Issuance Costs	42,725	0	42,725
<i>Total Expenditures</i>	<u>1,418,224</u>	<u>0</u>	<u>1,418,224</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(440,249)</u>	<u>1,072</u>	<u>(439,177)</u>
Other Financing Sources (Uses)			
General Obligation Refunding Bonds Issued	6,035,268	0	6,035,268
Payment to Refunded Bond Escrow Agent	(5,992,543)	0	(5,992,543)
Transfers In	349,045	0	349,045
Transfers Out	0	(103,896)	(103,896)
<i>Total Other Financing Sources (Uses)</i>	<u>391,770</u>	<u>(103,896)</u>	<u>287,874</u>
<i>Net Change in Fund Balances</i>	(48,479)	(102,824)	(151,303)
<i>Fund Balances Beginning of Year</i>	<u>221,147</u>	<u>102,824</u>	<u>323,971</u>
<i>Fund Balances End of Year</i>	<u>\$172,668</u>	<u>\$0</u>	<u>\$172,668</u>

City of Bedford, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2016

	Municipal Court Computer	Capital Improvement	Total Nonmajor Capital Projects Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$28,784	\$1,016,140	\$1,044,924
Prepaid Items	4,667	0	4,667
<i>Total Assets</i>	<u>\$33,451</u>	<u>\$1,016,140</u>	<u>\$1,049,591</u>
Liabilities			
Unearned Revenue	\$0	\$1,156,933	\$1,156,933
Fund Balances			
Nonspendable	4,667	0	4,667
Restricted	28,784	0	28,784
Committed	0	27,350	27,350
Unassigned (Deficit)	0	(168,143)	(168,143)
<i>Total Fund Balances (Deficit)</i>	<u>33,451</u>	<u>(140,793)</u>	<u>(107,342)</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$33,451</u>	<u>\$1,016,140</u>	<u>\$1,049,591</u>

City of Bedford, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2016

	Municipal Court Computer	Capital Improvement	Total Nonmajor Capital Projects Funds
Revenues			
Fines and Forfeitures	\$56,294	\$0	\$56,294
Interest	130	1,597	1,727
Other	18,855	17,167	36,022
<i>Total Revenues</i>	75,279	18,764	94,043
Expenditures			
Capital Outlay	100,875	13,530	114,405
<i>Net Change in Fund Balances</i>	(25,596)	5,234	(20,362)
<i>Fund Balances (Deficit)</i>			
<i>Beginning of Year</i>	59,047	(146,027)	(86,980)
<i>Fund Balances (Deficit) End of Year</i>	\$33,451	(\$140,793)	(\$107,342)

Combining Statement - Agency Funds

Agency Funds

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations and other governmental units. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Municipal Court Fund - To account for assets received and disbursed by the Bedford Municipal Court to the participating cities, villages and townships pursuant to the laws of the State of Ohio.

State Inspection Fee Fund - To account for monies received and disbursed to the State of Ohio for the State building standards program.

SEALE Unforfeited Fund - To account for confiscated monies received by the SEALE Drug Task Force and disbursed as directed by Cuyahoga County and the municipal court.

Law Enforcement Agency Fund - To account for confiscated liquid police assets from various drug related arrests until the Court determines, through court proceedings, who receives the funds.

City of Bedford, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2016

	Beginning Balance 12/31/15	Additions	Deductions	Ending Balance 12/31/16
<i>Municipal Court</i>				
Assets				
Cash and Cash Equivalents In Segregated Accounts	\$187,595	\$5,991,156	\$5,959,379	\$219,372
Liabilities				
Deposits Held and Due to Others	\$187,595	\$5,991,156	\$5,959,379	\$219,372
<i>State Inspection Fee</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$112	\$1,083	\$1,061	\$134
Liabilities				
Deposits Held and Due to Others	\$112	\$1,083	\$1,061	\$134
<i>SEALE Unforfeited</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$147,258	\$195,011	\$0	\$342,269
Liabilities				
Deposits Held and Due to Others	\$147,258	\$195,011	\$0	\$342,269
<i>Law Enforcement</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$0	\$15,903	\$0	\$15,903
Liabilities				
Deposits Held and Due to Others	\$0	\$15,903	\$0	\$15,903
<i>All Agency Funds</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$147,370	\$211,997	\$1,061	\$358,306
Cash and Cash Equivalents In Segregated Accounts	187,595	5,991,156	5,959,379	219,372
Total Assets	\$334,965	\$6,203,153	\$5,960,440	\$577,678
Liabilities				
Deposits Held and Due to Others	\$334,965	\$6,203,153	\$5,960,440	\$577,678

**Individual Fund Schedules of Revenues,
Expenditures/Expenses and Changes in Fund Balances/Fund
Equity - Budget (Non-GAAP Basis) and Actual**

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$1,905,941	\$1,905,941	\$1,901,286	(\$4,655)
Municipal Income Taxes	8,027,379	8,027,379	7,685,459	(341,920)
Charges for Services	608,400	608,400	602,730	(5,670)
Fees, Licenses and Permits	242,110	242,110	217,614	(24,496)
Fines and Forfeitures	1,738,900	1,738,900	1,710,424	(28,476)
Intergovernmental	1,416,155	1,416,155	1,268,199	(147,956)
Special Assessments	35,000	35,000	21,789	(13,211)
Interest	30,375	30,375	40,838	10,463
Rentals	107,350	107,350	96,142	(11,208)
Other	40,550	40,550	59,167	18,617
<i>Total Revenues</i>	<u>14,152,160</u>	<u>14,152,160</u>	<u>13,603,648</u>	<u>(548,512)</u>
Expenditures				
Current:				
General Government:				
Council and Clerk:				
Personal Services	273,650	274,186	273,661	525
Other	59,024	59,024	33,037	25,987
Total Council and Clerk	<u>332,674</u>	<u>333,210</u>	<u>306,698</u>	<u>26,512</u>
Finance Department:				
Personal Services	151,152	155,152	154,796	356
Capital Outlay	25,160	25,160	25,160	0
Other	385,332	391,332	361,078	30,254
Total Finance Department	<u>561,644</u>	<u>571,644</u>	<u>541,034</u>	<u>30,610</u>
Income Tax Department:				
Personal Services	231,471	231,471	225,982	5,489
Other	337,846	412,846	239,139	173,707
Total Income Tax Department	<u>569,317</u>	<u>644,317</u>	<u>465,121</u>	<u>179,196</u>
City Manager:				
Personal Services	317,668	317,668	307,526	10,142
Other	13,939	13,939	4,152	9,787
Total City Manager	<u>\$331,607</u>	<u>\$331,607</u>	<u>\$311,678</u>	<u>\$19,929</u>

(continued)

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Law Department:				
Personal Services	\$113,430	\$113,465	\$113,464	\$1
Other	79,719	79,719	43,328	36,391
Total Law Department	193,149	193,184	156,792	36,392
Engineering:				
Personal Services	14,700	14,700	14,694	6
Other	25,000	25,000	12,333	12,667
Total Engineering	39,700	39,700	27,027	12,673
Municipal Court:				
Personal Services	2,007,780	2,244,881	2,141,773	103,108
Other	278,549	328,549	317,695	10,854
Total Municipal Court	2,286,329	2,573,430	2,459,468	113,962
Special Projects:				
Other	56,933	98,633	72,814	25,819
Civil Service Commission:				
Personal Services	3,082	3,082	988	2,094
Other	11,750	11,750	10,364	1,386
Total Civil Service Commission	14,832	14,832	11,352	3,480
Municipal Complex:				
Personal Services	159,164	159,164	157,154	2,010
Capital Outlay	30,572	30,572	26,642	3,930
Other	600,980	600,980	482,593	118,387
Total Municipal Complex	790,716	790,716	666,389	124,327
County Auditor Deductions:				
Other	114,000	114,000	91,818	22,182
Total General Government	\$5,290,901	\$5,705,273	\$5,110,191	\$595,082

(continued)

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Security of Persons and Property:				
Police:				
Police Department:				
Personal Services	\$1,233,783	\$1,269,358	\$1,260,096	\$9,262
Capital Outlay	20,000	20,000	15,062	4,938
Other	893,869	867,869	727,230	140,639
Total Police	<u>2,147,652</u>	<u>2,157,227</u>	<u>2,002,388</u>	<u>154,839</u>
Fire:				
Fire Department:				
Personal Services	45,000	45,000	37,000	8,000
Capital Outlay	134,980	134,980	111,862	23,118
Other	34,100	34,100	4,411	29,689
Total Fire	<u>214,080</u>	<u>214,080</u>	<u>153,273</u>	<u>60,807</u>
Total Security of Persons and Property	<u>2,361,732</u>	<u>2,371,307</u>	<u>2,155,661</u>	<u>215,646</u>
Public Health and Welfare:				
Health Department:				
Other	52,275	52,275	51,250	1,025
Leisure Time Activities:				
Parks and Playground:				
Personal Services	11,736	11,745	11,350	395
Other	121,006	121,006	113,905	7,101
Total Leisure Time Activities	<u>132,742</u>	<u>132,751</u>	<u>125,255</u>	<u>7,496</u>
Community Development:				
Planning Commission Department:				
Personal Services	1,761	1,761	1,629	132
Other	1,700	1,700	1,690	10
Total Planning Commission Department	<u>\$3,461</u>	<u>\$3,461</u>	<u>\$3,319</u>	<u>\$142</u>

(continued)

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Building Department:				
Personal Services	\$459,266	\$459,266	\$454,421	\$4,845
Other	28,580	28,580	14,097	14,483
Total Building Department	487,846	487,846	468,518	19,328
Total Community Development	491,307	491,307	471,837	19,470
Transportation:				
Service Department:				
Personal Services	1,627,931	1,633,976	1,589,719	44,257
Other	23,500	23,500	11,029	12,471
Total Transportation	1,651,431	1,657,476	1,600,748	56,728
Total Expenditures	9,980,388	10,410,389	9,514,942	895,447
<i>Excess of Revenues</i>				
<i>Over (Under) Expenditures</i>	4,171,772	3,741,771	4,088,706	346,935
Other Financing Sources (Uses)				
Sale of Capital Assets	10,000	16,500	12,522	(3,978)
Advances In	3,900	3,900	2,800	(1,100)
Advances Out	(3,900)	(3,900)	(2,800)	1,100
Transfers In	219,070	219,070	181,708	(37,362)
Transfers Out	(5,526,585)	(5,626,585)	(5,101,290)	525,295
Total Other Financing Sources (Uses)	(5,297,515)	(5,391,015)	(4,907,060)	483,955
Net Change in Fund Balance	(1,125,743)	(1,649,244)	(818,354)	830,890
Fund Balance Beginning of Year	7,618,031	7,618,031	7,618,031	0
Prior Year Encumbrances Appropriated	129,352	129,352	129,352	0
Fund Balance End of Year	\$6,621,640	\$6,098,139	\$6,929,029	\$830,890

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Public Safety Fund
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$2,491,980	\$2,491,980	\$2,485,500	(\$6,480)
Fees, Licenses and Permits	25	25	20	(5)
Intergovernmental	841,431	841,431	548,068	(293,363)
Interest	1,675	1,675	3,494	1,819
Other	50	50	73	23
<i>Total Revenues</i>	<u>3,335,161</u>	<u>3,335,161</u>	<u>3,037,155</u>	<u>(298,006)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Police Pension:				
Personal Services	487,280	487,280	479,275	8,005
Safety Forces:				
Personal Services	<u>2,635,355</u>	<u>2,635,355</u>	<u>2,615,948</u>	<u>19,407</u>
Total Police	<u>3,122,635</u>	<u>3,122,635</u>	<u>3,095,223</u>	<u>27,412</u>
Fire:				
Fire Medic Levy:				
Personal Services	3,365,319	3,365,319	3,098,478	266,841
Other	<u>145,281</u>	<u>145,281</u>	<u>114,482</u>	<u>30,799</u>
Total Fire Medic Levy	3,510,600	3,510,600	3,212,960	297,640
Fire Pension:				
Personal Services	<u>546,980</u>	<u>546,980</u>	<u>533,095</u>	<u>13,885</u>
Total Fire	<u>4,057,580</u>	<u>4,057,580</u>	<u>3,746,055</u>	<u>311,525</u>
<i>Total Expenditures</i>	<u>7,180,215</u>	<u>7,180,215</u>	<u>6,841,278</u>	<u>338,937</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(3,845,054)	(3,845,054)	(3,804,123)	40,931
Other Financing Sources (Uses)				
Transfers In	<u>3,841,300</u>	<u>3,931,300</u>	<u>3,811,472</u>	<u>(119,828)</u>
<i>Net Change in Fund Balance</i>	(3,754)	86,246	7,349	(78,897)
<i>Fund Balance Beginning of Year</i>	524,365	524,365	524,365	0
Prior Year Encumbrances Appropriated	<u>6,031</u>	<u>6,031</u>	<u>6,031</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$526,642</u>	<u>\$616,642</u>	<u>\$537,745</u>	<u>(\$78,897)</u>

City of Bedford, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Charges for Services	\$3,929,029	\$3,929,029	\$4,129,600	\$200,571
Other	37,795	37,795	46,299	8,504
Interest	20,000	20,000	42,241	22,241
General Obligation Refunding Bonds Issued	389,270	389,270	389,270	0
General Obligation Bonds Issued	1,400,000	1,400,000	1,400,000	0
<i>Total Revenues</i>	<u>5,776,094</u>	<u>5,776,094</u>	<u>6,007,410</u>	<u>231,316</u>
Expenses				
Personal Services	566,786	566,786	481,745	85,041
Contractual Services	2,637,944	2,637,944	2,291,229	346,715
Materials and Supplies	300,500	300,500	267,532	32,968
Capital Outlay	1,486,032	1,486,032	1,149,407	336,625
Other	3,000	3,000	1,545	1,455
Debt Service:				
Principal Retirement	494,300	494,300	494,300	0
Payment to Refunded Bond Escrow Agent	393,694	393,694	393,694	0
Interest and Fiscal Charges	132,192	132,192	132,192	0
Bond Issuance Costs	12,821	12,821	3,821	9,000
<i>Total Expenses</i>	<u>6,027,269</u>	<u>6,027,269</u>	<u>5,215,465</u>	<u>811,804</u>
<i>Net Change in Fund Equity</i>	(251,175)	(251,175)	791,945	1,043,120
<i>Fund Equity Beginning of Year</i>	5,800,386	5,800,386	5,800,386	0
Prior Year Encumbrances Appropriated	3,160	3,160	3,160	0
<i>Fund Equity End of Year</i>	<u>\$5,552,371</u>	<u>\$5,552,371</u>	<u>\$6,595,491</u>	<u>\$1,043,120</u>

City of Bedford, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Wastewater Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$2,429,450	\$2,429,450	\$2,381,868	(\$47,582)
Other	6,611	6,611	5,611	(1,000)
Interest	15,000	15,000	15,800	800
General Obligation Refunding Bonds Issued	304,212	304,212	304,212	0
<i>Total Revenues</i>	<u>2,755,273</u>	<u>2,755,273</u>	<u>2,707,491</u>	<u>(47,782)</u>
Expenses				
Personal Services	1,201,904	1,201,904	1,066,439	135,465
Contractual Services	90,598	90,598	87,979	2,619
Materials and Supplies	509,000	524,000	490,017	33,983
Capital Outlay	2,159,188	2,159,188	2,117,225	41,963
Other	3,000	3,000	2,489	511
Debt Service:				
Principal Retirement	410,728	410,728	410,728	0
Payment to Refunded Bond Escrow Agent	300,611	300,611	300,611	0
Interest and Fiscal Charges	178,067	178,067	167,567	10,500
Bond Issuance Costs	2,204	2,204	2,204	0
<i>Total Expenses</i>	<u>4,855,300</u>	<u>4,870,300</u>	<u>4,645,259</u>	<u>225,041</u>
<i>Net Change in Fund Equity</i>	(2,100,027)	(2,115,027)	(1,937,768)	177,259
<i>Fund Equity Beginning of Year</i>	1,506,413	1,506,413	1,506,413	0
Prior Year Encumbrances Appropriated	<u>1,974,210</u>	<u>1,974,210</u>	<u>1,974,210</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$1,380,596</u>	<u>\$1,365,596</u>	<u>\$1,542,855</u>	<u>\$177,259</u>

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Development Block Grant Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Expenditures				
Current:				
Community Development:				
CDBG Department:				
Capital Outlay	33,258	33,258	32,679	579
Other	<u>31,952</u>	<u>31,952</u>	<u>31,952</u>	<u>0</u>
<i>Total Expenditures</i>	<u>65,210</u>	<u>65,210</u>	<u>64,631</u>	<u>579</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(65,210)	(65,210)	(64,631)	579
Other Financing Sources (Uses)				
Sale of Capital Assets	<u>162,900</u>	<u>162,900</u>	<u>162,900</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	97,690	97,690	98,269	579
<i>Fund Balance Beginning of Year</i>	61,330	61,330	61,330	0
Prior Year Encumbrances Appropriated	<u>8,600</u>	<u>8,600</u>	<u>8,600</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$167,620</u></u>	<u><u>\$167,620</u></u>	<u><u>\$168,199</u></u>	<u><u>\$579</u></u>

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$39,000	\$39,000	\$39,214	\$214
Interest	350	350	797	447
<i>Total Revenues</i>	39,350	39,350	40,011	661
Expenditures				
Current:				
Transportation:				
Street Construction, Maintenance and Repair:				
Other	47,000	47,000	47,000	0
<i>Net Change in Fund Balance</i>	(7,650)	(7,650)	(6,989)	661
<i>Fund Balance Beginning of Year</i>	149,413	149,413	149,413	0
<i>Fund Balance End of Year</i>	<u>\$141,763</u>	<u>\$141,763</u>	<u>\$142,424</u>	<u>\$661</u>

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Indigent Drivers Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$50,000	\$50,000	\$31,537	(\$18,463)
Interest	600	600	1,262	662
<i>Total Revenues</i>	50,600	50,600	32,799	(17,801)
Expenditures				
Current:				
Public Health and Welfare:				
Indigent Drivers:				
Other	105,000	105,000	39,790	65,210
<i>Net Change in Fund Balance</i>	(54,400)	(54,400)	(6,991)	47,409
<i>Fund Balance Beginning of Year</i>	230,664	230,664	230,664	0
<i>Fund Balance End of Year</i>	<u>\$176,264</u>	<u>\$176,264</u>	<u>\$223,673</u>	<u>\$47,409</u>

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
SEALE Narcotics Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$460,734	\$460,734	\$340,741	(\$119,993)
Other	81,615	81,615	110,545	28,930
<i>Total Revenues</i>	542,349	542,349	451,286	(91,063)
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
SEALE Narcotics:				
Personal Services	428,054	428,054	260,764	167,290
Capital Outlay	183,964	183,964	55,045	128,919
Other	75,788	75,788	21,225	54,563
<i>Total Expenditures</i>	687,806	687,806	337,034	350,772
<i>Net Change in Fund Balance</i>	(145,457)	(145,457)	114,252	259,709
<i>Fund Balance Beginning of Year</i>	145,457	145,457	145,457	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$259,709	\$259,709

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Enforcement and Education Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$815	\$815	\$499	(\$316)
Interest	<u>0</u>	<u>12</u>	<u>26</u>	<u>14</u>
<i>Total Revenues</i>	815	827	525	(302)
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Enforcement and Education:				
Personal Services	<u>3,840</u>	<u>3,840</u>	<u>0</u>	<u>3,840</u>
<i>Net Change in Fund Balance</i>	(3,025)	(3,013)	525	3,538
<i>Fund Balance Beginning of Year</i>	<u>4,445</u>	<u>4,445</u>	<u>4,445</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,420</u></u>	<u><u>\$1,432</u></u>	<u><u>\$4,970</u></u>	<u><u>\$3,538</u></u>

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Lighting Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special Assessments	\$319,150	\$319,150	\$311,439	(\$7,711)
Interest	500	500	775	275
<i>Total Revenues</i>	319,650	319,650	312,214	(7,436)
Expenditures				
Current:				
Basic Utility Services:				
Street Lighting:				
Other	365,000	365,000	360,204	4,796
<i>Net Change in Fund Balance</i>	(45,350)	(45,350)	(47,990)	(2,640)
<i>Fund Balance Beginning of Year</i>	140,555	140,555	140,555	0
<i>Fund Balance End of Year</i>	<u>\$95,205</u>	<u>\$95,205</u>	<u>\$92,565</u>	<u>(\$2,640)</u>

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$480,000	\$480,000	\$485,085	\$5,085
Interest	2,100	2,100	4,219	2,119
Other	100	100	0	(100)
<i>Total Revenues</i>	<u>482,200</u>	<u>482,200</u>	<u>489,304</u>	<u>7,104</u>
Expenditures				
Current:				
Transportation:				
Street Construction, Maintenance and Repair:				
Personal Services	218,942	218,942	201,846	17,096
Capital Outlay	210,693	214,943	214,935	8
Other	575,901	589,176	316,863	272,313
<i>Total Expenditures</i>	<u>1,005,536</u>	<u>1,023,061</u>	<u>733,644</u>	<u>289,417</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(523,336)</u>	<u>(540,861)</u>	<u>(244,340)</u>	<u>296,521</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	3,500	3,500	6,655	3,155
Transfers In	250,000	250,000	24,167	(225,833)
<i>Total Other Financing Sources (Uses)</i>	<u>253,500</u>	<u>253,500</u>	<u>30,822</u>	<u>(222,678)</u>
<i>Net Change in Fund Balance</i>	(269,836)	(287,361)	(213,518)	73,843
<i>Fund Balance Beginning of Year</i>	575,471	575,471	575,471	0
Prior Year Encumbrances Appropriated	212,806	212,806	212,806	0
<i>Fund Balance End of Year</i>	<u>\$518,441</u>	<u>\$500,916</u>	<u>\$574,759</u>	<u>\$73,843</u>

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Trust Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	\$3,495	\$5,750	\$5,889	\$139
Interest	0	100	249	149
<i>Total Revenues</i>	<u>3,495</u>	<u>5,850</u>	<u>6,138</u>	<u>288</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Law Enforcement:				
Personal Services	400	400	0	400
Capital Outlay	49,080	49,080	7,226	41,854
Other	250	250	240	10
<i>Total Expenditures</i>	<u>49,730</u>	<u>49,730</u>	<u>7,466</u>	<u>42,264</u>
<i>Net Change in Fund Balance</i>	(46,235)	(43,880)	(1,328)	42,552
<i>Fund Balance Beginning of Year</i>	<u>46,235</u>	<u>46,235</u>	<u>46,235</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$2,355</u>	<u>\$44,907</u>	<u>\$42,552</u>

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Motor Vehicle License Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$87,000	\$87,000	\$87,283	\$283
Interest	400	400	794	394
<i>Total Revenues</i>	87,400	87,400	88,077	677
Expenditures				
Current:				
Transportation:				
Street Construction, Maintenance and Repair:				
Other	180,000	180,000	180,000	0
<i>Net Change in Fund Balance</i>	(92,600)	(92,600)	(91,923)	677
<i>Fund Balance Beginning of Year</i>	97,904	97,904	97,904	0
Prior Year Encumbrances Appropriated	90,000	90,000	90,000	0
<i>Fund Balance End of Year</i>	<u>\$95,304</u>	<u>\$95,304</u>	<u>\$95,981</u>	<u>\$677</u>

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Grants Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$760	\$760	\$760	\$0
Intergovernmental	69,379	69,379	68,275	(1,104)
Contributions and Donations	25,497	25,497	12,600	(12,897)
<i>Total Revenues</i>	<u>95,636</u>	<u>95,636</u>	<u>81,635</u>	<u>(14,001)</u>
Expenditures				
Current:				
General Government:				
NOPEC Energy Grant				
Capital Outlay	10,689	10,689	734	9,955
Security of Persons and Property:				
Police:				
High Visibility Enforcement:				
Personal Services	19,477	19,477	10,772	8,705
Other	32,331	32,331	23,224	9,107
Total High Visibility Enforcement	<u>51,808</u>	<u>51,808</u>	<u>33,996</u>	<u>17,812</u>
Community Diversion:				
Personal Services	4,800	4,800	4,800	0
Other	1,498	1,498	495	1,003
Total Community Diversion	<u>6,298</u>	<u>6,298</u>	<u>5,295</u>	<u>1,003</u>
Violence Against Women:				
Personal Services	30,446	30,446	30,446	0
Other	1,853	1,853	1,818	35
Total Violence Against Women	<u>\$32,299</u>	<u>\$32,299</u>	<u>\$32,264</u>	<u>\$35</u>

(continued)

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Grants Fund (continued)
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
DARE Enforcement:				
Personal Services	\$11,095	\$11,095	\$1,850	\$9,245
Other	99	99	99	0
Total DARE Enforcement	11,194	11,194	1,949	9,245
Total Police	101,599	101,599	73,504	28,095
Fire:				
Fire Department:				
Other	21,722	21,722	9,780	11,942
Total Security of Persons and Property	123,321	123,321	83,284	40,037
Leisure Time Activities:				
Soccer Donations				
Other	8,624	8,624	0	8,624
Food Bank - Recreation:				
Other	27,974	27,974	11,799	16,175
Total Leisure Time Activities	36,598	36,598	11,799	24,799
Transportation:				
Service Department Recycling Grant				
Other	5,043	5,043	5,043	0
Total Expenditures	175,651	175,651	100,860	74,791
Excess of Revenues Over (Under) Expenditures	(80,015)	(80,015)	(19,225)	60,790
Other Financing Sources (Uses)				
Transfers In	15,000	15,000	13,750	(1,250)
Net Change in Fund Balance	(65,015)	(65,015)	(5,475)	59,540
Fund Balance Beginning of Year	88,974	88,974	88,974	0
Fund Balance End of Year	\$23,959	\$23,959	\$83,499	\$59,540

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Municipal Court Special Programs Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	\$138,000	\$138,000	\$139,110	\$1,110
Interest	1,050	1,050	2,216	1,166
<i>Total Revenues</i>	<u>139,050</u>	<u>139,050</u>	<u>141,326</u>	<u>2,276</u>
Expenditures				
Current:				
General Government:				
Municipal Court Special Programs:				
Capital Outlay	35,500	35,500	35,126	374
Other	24,500	24,500	13,704	10,796
<i>Total Expenditures</i>	<u>60,000</u>	<u>60,000</u>	<u>48,830</u>	<u>11,170</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	79,050	79,050	92,496	13,446
Other Financing Sources (Uses)				
Transfers Out	(43,945)	(43,945)	(43,945)	0
<i>Net Change in Fund Balance</i>	35,105	35,105	48,551	13,446
<i>Fund Balance Beginning of Year</i>	<u>354,704</u>	<u>354,704</u>	<u>354,704</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$389,809</u>	<u>\$389,809</u>	<u>\$403,255</u>	<u>\$13,446</u>

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Indigent Interlock and Monitoring Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$20,000	\$20,000	\$14,499	(\$5,501)
Interest	250	250	491	241
<i>Total Revenues</i>	20,250	20,250	14,990	(5,260)
Expenditures				
Current:				
General Government:				
Indigent Interlock and Monitoring:				
Other	20,000	21,000	19,606	1,394
<i>Net Change in Fund Balance</i>	250	(750)	(4,616)	(3,866)
<i>Fund Balance Beginning of Year</i>	91,156	91,156	91,156	0
<i>Fund Balance End of Year</i>	\$91,406	\$90,406	\$86,540	(\$3,866)

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Cemetery Donations Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$150	\$150	\$236	\$86
Other	50	50	50	0
<i>Total Revenues</i>	200	200	286	86
Expenditures				
Current:				
Public Health and Welfare:				
Cemetery:				
Other	15,000	15,000	9,424	5,576
<i>Net Change in Fund Balance</i>	(14,800)	(14,800)	(9,138)	5,662
<i>Fund Balance Beginning of Year</i>	43,864	43,864	43,864	0
<i>Fund Balance End of Year</i>	<u>\$29,064</u>	<u>\$29,064</u>	<u>\$34,726</u>	<u>\$5,662</u>

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Bedford Municipal Court Legal Research Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	\$20,000	\$20,000	\$18,637	(\$1,363)
Interest	<u>0</u>	<u>0</u>	<u>48</u>	<u>48</u>
<i>Total Revenues</i>	20,000	20,000	18,685	(1,315)
Expenditures				
Current:				
General Government:				
Municipal Court Special Programs:				
Personal Services	<u>25,000</u>	<u>25,000</u>	<u>23,102</u>	<u>1,898</u>
<i>Net Change in Fund Balance</i>	(5,000)	(5,000)	(4,417)	583
<i>Fund Balance Beginning of Year</i>	<u>7,100</u>	<u>7,100</u>	<u>7,100</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,100</u>	<u>\$2,100</u>	<u>\$2,683</u>	<u>\$583</u>

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Refuse Fee Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special Assessments	\$707,550	\$707,550	\$721,004	\$13,454
Interest	<u>0</u>	<u>0</u>	<u>664</u>	<u>664</u>
<i>Total Revenues</i>	707,550	707,550	721,668	14,118
Expenditures				
Current:				
Basic Utility Services				
Refuse Fee:				
Other	<u>674,465</u>	<u>674,465</u>	<u>671,048</u>	<u>3,417</u>
<i>Net Change in Fund Balance</i>	33,085	33,085	50,620	17,535
<i>Fund Balance Beginning of Year</i>	<u>168</u>	<u>168</u>	<u>168</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$33,253</u>	<u>\$33,253</u>	<u>\$50,788</u>	<u>\$17,535</u>

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Enterprise Zone Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fees, Licenses and Permits	\$6,500	\$6,500	\$7,167	\$667
Interest	120	120	60	(60)
<i>Total Revenues</i>	6,620	6,620	7,227	607
Expenditures				
Current:				
Community Development:				
Enterprise Zone:				
Other	64,220	64,220	43,610	20,610
<i>Excess of Revenues Over (Under) Expenditures</i>	(57,600)	(57,600)	(36,383)	21,217
Other Financing Sources (Uses)				
Transfers In	55,285	55,285	31,442	(23,843)
<i>Net Change in Fund Balance</i>	(2,315)	(2,315)	(4,941)	(2,626)
<i>Fund Balance Beginning of Year</i>	4,941	4,941	4,941	0
<i>Fund Balance End of Year</i>	<u>\$2,626</u>	<u>\$2,626</u>	<u>\$0</u>	<u>(\$2,626)</u>

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Cemetery Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$51,400	\$51,400	\$34,346	(\$17,054)
Interest	200	200	437	237
Other	200	200	0	(200)
<i>Total Revenues</i>	<u>51,800</u>	<u>51,800</u>	<u>34,783</u>	<u>(17,017)</u>
Expenditures				
Current:				
Public Health and Welfare:				
Cemetery:				
Personal Services	104,012	104,012	97,217	6,795
Other	21,750	21,750	14,663	7,087
<i>Total Expenditures</i>	<u>125,762</u>	<u>125,762</u>	<u>111,880</u>	<u>13,882</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(73,962)</u>	<u>(73,962)</u>	<u>(77,097)</u>	<u>(3,135)</u>
Other Financing Sources (Uses)				
Transfers In	70,000	70,000	58,333	(11,667)
Transfers Out	(92,614)	(92,614)	(77,812)	14,802
<i>Total Other Financing Sources</i>	<u>(22,614)</u>	<u>(22,614)</u>	<u>(19,479)</u>	<u>3,135</u>
<i>Net Change in Fund Balance</i>	(96,576)	(96,576)	(96,576)	0
<i>Fund Balance Beginning of Year</i>	96,468	96,468	96,468	0
Prior Year Encumbrances Appropriated	108	108	108	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Recreation Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$130,150	\$130,150	\$141,940	\$11,790
Interest	750	750	693	(57)
Other	200	200	4	(196)
<i>Total Revenues</i>	131,100	131,100	142,637	11,537
Expenditures				
Current:				
Leisure Time Activities:				
Playgrounds:				
Personal Services	288,206	289,280	255,172	34,108
Capital Outlay	30,000	30,000	0	30,000
Other	140,346	140,346	125,614	14,732
Total Playgrounds	458,552	459,626	380,786	78,840
Swimming Pool:				
Personal Services	148,079	148,079	122,580	25,499
Other	43,984	43,984	41,941	2,043
Total Swimming Pool	192,063	192,063	164,521	27,542
Ellenwood Center:				
Personal Services	475,209	475,209	474,811	398
Capital Outlay	14,698	23,773	23,732	41
Other	105,715	99,715	80,273	19,442
Total Ellenwood Center	595,622	598,697	578,816	19,881
<i>Total Expenditures</i>	1,246,237	1,250,386	1,124,123	126,263
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,115,137)	(1,119,286)	(981,486)	137,800
Other Financing Sources (Uses)				
Sale of Capital Assets	2,500	2,500	2,375	(125)
Transfers In	1,020,000	1,020,000	857,026	(162,974)
<i>Total Other Financing Sources (Uses)</i>	1,022,500	1,022,500	859,401	(163,099)
<i>Net Change in Fund Balance</i>	(92,637)	(96,786)	(122,085)	(25,299)
<i>Fund Balance Beginning of Year</i>	101,893	101,893	101,893	0
Prior Year Encumbrances Appropriated	20,192	20,192	20,192	0
<i>Fund Balance End of Year</i>	\$29,448	\$25,299	\$0	(\$25,299)

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$898,180	\$898,180	\$853,939	(\$44,241)
Interest	2,250	2,250	3,535	1,285
Other	120,501	120,501	120,501	0
<i>Total Revenues</i>	<u>1,020,931</u>	<u>1,020,931</u>	<u>977,975</u>	<u>(42,956)</u>
Expenditures				
Debt Service:				
Principal Retirement	912,046	912,046	912,046	0
Interest and Fiscal Charges	336,396	336,396	336,395	1
Payment to Refunded Bond Escrow Agent	127,058	127,058	127,058	0
Bond Issuance Costs	42,725	42,725	42,725	0
<i>Total Expenditures</i>	<u>1,418,225</u>	<u>1,418,225</u>	<u>1,418,224</u>	<u>1</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(397,294)</u>	<u>(397,294)</u>	<u>(440,249)</u>	<u>(42,955)</u>
Other Financing Sources (Uses)				
General Obligation Refunding Bonds Issued	6,035,268	6,035,268	6,035,268	0
Payment to Refunded Bond Escrow Agent	(5,992,543)	(5,992,543)	(5,992,543)	0
Transfers In	349,045	349,045	349,045	0
<i>Total Other Financing Sources (Uses)</i>	<u>391,770</u>	<u>391,770</u>	<u>391,770</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(5,524)</u>	<u>(5,524)</u>	<u>(48,479)</u>	<u>(42,955)</u>
<i>Fund Balance Beginning of Year</i>	<u>221,147</u>	<u>221,147</u>	<u>221,147</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$215,623</u>	<u>\$215,623</u>	<u>\$172,668</u>	<u>(\$42,955)</u>

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Assessment Bond Retirement Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special Assessments	\$1,072	\$1,072	\$1,072	\$0
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	1,072	1,072	1,072	0
Other Financing Sources (Uses)				
Transfers Out	<u>(103,896)</u>	<u>(103,896)</u>	<u>(103,896)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(102,824)	(102,824)	(102,824)	0
<i>Fund Balance Beginning of Year</i>	<u>102,824</u>	<u>102,824</u>	<u>102,824</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Municipal Court Computer Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Fines and Forfeitures	\$57,100	\$57,100	\$57,025	(\$75)
Interest	200	200	130	(70)
Other	20,000	20,000	18,855	(1,145)
<i>Total Revenues</i>	77,300	77,300	76,010	(1,290)
Expenditures				
Capital Outlay:				
Municipal Court Computer:				
Other	97,500	107,900	105,542	2,358
<i>Net Change in Fund Balance</i>	(20,200)	(30,600)	(29,532)	1,068
<i>Fund Balance Beginning of Year</i>	53,102	53,102	53,102	0
<i>Fund Balance End of Year</i>	\$32,902	\$22,502	\$23,570	\$1,068

City of Bedford, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvement Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$0	\$0	\$1,597	\$1,597
Other	<u>0</u>	<u>0</u>	<u>950,100</u>	<u>950,100</u>
<i>Total Revenues</i>	0	0	951,697	951,697
Expenditures				
Capital Outlay	<u>65,750</u>	<u>83,510</u>	<u>52,432</u>	<u>31,078</u>
<i>Net Change in Fund Balance</i>	(65,750)	(83,510)	899,265	982,775
<i>Fund Balance Beginning of Year</i>	59,206	59,206	59,206	0
Prior Year Encumbrances Appropriated	<u>25,218</u>	<u>25,218</u>	<u>25,218</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$18,674</u></u>	<u><u>\$914</u></u>	<u><u>\$983,689</u></u>	<u><u>\$982,775</u></u>

City of Bedford, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Health Insurance Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Charges for Services	\$2,560,230	\$2,560,230	\$2,325,096	(\$235,134)
Interest	1,500	1,500	997	(503)
Other	28,000	28,000	0	(28,000)
<i>Total Revenues</i>	<u>2,589,730</u>	<u>2,589,730</u>	<u>2,326,093</u>	<u>(263,637)</u>
Expenses				
Contractual Services	412,005	333,005	320,823	12,182
Claims	2,172,240	2,251,240	2,250,178	1,062
<i>Total Expenses</i>	<u>2,584,245</u>	<u>2,584,245</u>	<u>2,571,001</u>	<u>13,244</u>
<i>Net Change in Fund Equity</i>	5,485	5,485	(244,908)	(250,393)
<i>Fund Equity Beginning of Year</i>	241,067	241,067	241,067	0
Prior Year Encumbrances Appropriated	7,005	7,005	7,005	0
<i>Fund Equity End of Year</i>	<u>\$253,557</u>	<u>\$253,557</u>	<u>\$3,164</u>	<u>(\$250,393)</u>

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Statistical Section

This part of the City of Bedford, Ohio's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Contents	Pages(s)
<i>Financial Trends</i>	<i>S2 – S13</i>
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	<i>S14 – S21</i>
These schedules contain information to help the reader assess the City's most significant local revenue, the property tax and the municipal income tax.	
<i>Debt Capacity</i>	<i>S22 – S29</i>
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<i>Economic and Demographic Information</i>	<i>S30 – S33</i>
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
<i>Operating Information</i>	<i>S34 – S51</i>
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

City of Bedford, Ohio
Net Position By Component
Last Ten Years
(Accrual Basis of Accounting)

	2016	2015	2014	2013
Governmental Activities				
Net Investment in				
Capital Assets	\$16,509,741	\$16,991,691	\$17,339,750	\$18,337,265
Restricted:				
Capital Projects	33,451	59,047	92,838	119,889
Debt Service	202,409	370,245	469,155	449,033
Municipal Courts	439,074	374,116	311,668	254,776
Fire	0	0	0	0
Streets	1,223,817	1,395,266	1,186,093	1,215,660
Community Development	191,351	421,106	571,801	715,120
Street Lighting	434,842	430,658	505,179	504,173
Drug Force Violations	317,081	171,906	140,459	162,132
Refuse Collections	834,340	783,552	0	0
Other Purposes	511,764	515,596	507,906	512,440
Unrestricted (Deficit)	(8,611,530)	(6,860,164)	(3,460,721)	12,257,378
<i>Total Governmental Activities</i>				
<i>Net Position</i>	12,086,340	14,653,019	17,664,128	34,527,866
Business Type - Activities				
Net Investment in				
Capital Assets	8,586,175	7,428,993	6,470,775	5,177,762
Unrestricted	9,520,212	9,451,246	8,721,191	10,379,492
<i>Total Business-Type Activities</i>				
<i>Net Position</i>	18,106,387	16,880,239	15,191,966	15,557,254
Primary Government				
Net Investment in				
Capital Assets	25,095,916	24,420,684	23,810,525	23,515,027
Restricted	4,188,129	4,521,492	3,785,099	3,933,223
Unrestricted	908,682	2,591,082	5,260,470	22,636,870
<i>Total Primary Government</i>				
<i>Net Position</i>	\$30,192,727	\$31,533,258	\$32,856,094	\$50,085,120

Note - The effects of the implementation of GASB 68 are reflected in the 2015 and 2014 amounts.

2012	2011	2010	2009	2008	2007
\$19,668,123	\$20,968,797	\$22,729,591	\$24,376,061	\$25,879,539	\$27,216,162
147,188	241,731	0	410,909	952,794	974,982
509,480	513,704	533,106	624,790	933,485	1,181,876
830,873	774,291	746,043	714,104	698,237	0
0	0	0	0	161,449	134,774
1,115,228	1,227,043	1,125,705	1,098,471	1,441,636	1,493,516
737,303	627,065	535,619	201,776	366,176	0
550,136	555,255	585,951	647,086	621,919	0
331,639	409,517	192,207	0	0	0
0	0	0	0	0	0
393,617	301,073	428,972	459,359	720,655	2,524,936
11,095,401	12,312,481	10,878,025	9,786,893	10,695,092	11,350,256
35,378,988	37,930,957	37,755,219	38,319,449	42,470,982	44,876,502
7,732,350	5,917,802	4,122,051	5,780,208	5,058,014	4,527,360
6,215,323	5,976,224	6,382,757	4,343,937	4,420,694	3,766,979
13,947,673	11,894,026	10,504,808	10,124,145	9,478,708	8,294,339
27,400,473	26,886,599	26,851,642	30,156,269	30,937,553	31,743,522
4,615,464	4,649,679	4,147,603	4,156,495	5,896,351	6,310,084
17,310,724	18,288,705	17,260,782	14,130,830	15,115,786	15,117,235
\$49,326,661	\$49,824,983	\$48,260,027	\$48,443,594	\$51,949,690	\$53,170,841

City of Bedford, Ohio
Changes in Net Position
Last Ten Years
(Accrual Basis of Accounting)

	2016	2015	2014	2013
Program Revenues				
Governmental Activities:				
Charges for Services and Operating Assessments:				
General Government	\$2,091,912	\$2,005,099	\$1,991,734	\$2,022,787
Security of Persons and Property:				
Police	72,916	75,978	63,182	80,900
Fire	446,599	427,422	421,128	442,342
Public Health and Welfare	13,594	12,823	16,260	16,179
Leisure Time Activities	147,253	138,904	155,147	128,060
Community Development	330,365	315,862	319,742	342,753
Basic Utility Services	1,055,333	1,100,278	322,754	286,690
Subtotal - Charges for Services	<u>4,157,972</u>	<u>4,076,366</u>	<u>3,289,947</u>	<u>3,319,711</u>
Operating Grants and Contributions:				
General Government	599,256	693,783	532,841	567,338
Security of Persons and Property:				
Police	671,049	528,757	527,943	611,749
Fire	311,739	231,128	272,107	258,393
Public Health and Welfare	42,595	34,457	51,589	19,968
Leisure Time Activities	10,773	10,720	9,114	19,950
Community Development	0	0	13,300	109,365
Basic Utility Services	0	0	0	0
Transportation	617,326	655,509	605,421	658,948
Subtotal - Operating Grants and Contributions	<u>2,252,738</u>	<u>2,154,354</u>	<u>2,012,315</u>	<u>2,245,711</u>
Capital Grants and Contributions:				
Transportation	0	0	0	0
<i>Total Governmental Activities Program Revenues</i>	<u>6,410,710</u>	<u>6,230,720</u>	<u>5,302,262</u>	<u>5,565,422</u>
Business-Type Activities:				
Charges for Services:				
Water	4,203,457	4,188,578	4,332,748	4,800,197
Wastewater	2,446,549	2,359,234	2,295,773	2,467,029
Operating Grants and Contributions				
Water	0	0	10,219	0
Wastewater	0	0	8,258	0
Capital Grants and Contributions				
Water	0	0	0	0
Wastewater	0	0	0	0
<i>Total Business-Type Activities Program Revenues</i>	<u>6,650,006</u>	<u>6,547,812</u>	<u>6,646,998</u>	<u>7,267,226</u>
<i>Total Primary Government Program Revenues</i>	<u>\$13,060,716</u>	<u>\$12,778,532</u>	<u>\$11,949,260</u>	<u>\$12,832,648</u>

2012	2011	2010	2009	2008	2007
\$2,082,652	\$2,083,696	\$1,858,638	\$1,934,236	\$2,226,427	\$2,205,689
64,368	64,974	60,445	65,680	32,779	53,907
429,512	434,885	380,753	397,435	311,809	257,282
14,211	14,892	42,651	45,060	39,230	40,510
128,611	153,829	119,801	126,569	112,805	96,845
329,643	334,687	272,543	284,584	339,374	278,011
310,771	289,719	292,043	334,195	323,511	291,969
<u>3,359,768</u>	<u>3,376,682</u>	<u>3,026,874</u>	<u>3,187,759</u>	<u>3,385,935</u>	<u>3,224,213</u>
445,252	585,887	475,317	501,895	441,910	427,621
565,729	430,038	891,928	478,920	362,903	362,556
355,615	397,242	423,286	221,427	409,838	25,100
88,825	25,779	34,725	23,293	13,399	14,102
13,128	4,325	14,635	7,500	0	0
212,341	133,616	853,331	113,029	101,163	114,687
0	0	5,898	0	0	0
625,168	594,471	618,478	620,287	668,247	661,345
<u>2,306,058</u>	<u>2,171,358</u>	<u>3,317,598</u>	<u>1,966,351</u>	<u>1,997,460</u>	<u>1,605,411</u>
5,000	97,583	24,856	392	227,431	307,611
<u>5,670,826</u>	<u>5,645,623</u>	<u>6,369,328</u>	<u>5,154,502</u>	<u>5,610,826</u>	<u>5,137,235</u>
4,532,355	4,417,995	4,354,170	4,020,958	3,729,987	3,521,515
2,386,595	2,233,413	2,196,959	2,116,968	2,091,081	2,058,390
0	0	0	0	0	0
0	0	0	0	0	0
0	428,182	0	0	0	331,940
0	0	0	0	7,766	222,469
<u>6,918,950</u>	<u>7,079,590</u>	<u>6,551,129</u>	<u>6,137,926</u>	<u>5,828,834</u>	<u>6,134,314</u>
<u>\$12,589,776</u>	<u>\$12,725,213</u>	<u>\$12,920,457</u>	<u>\$11,292,428</u>	<u>\$11,439,660</u>	<u>\$11,271,549</u>

(continued)

City of Bedford, Ohio
Changes in Net Position (continued)
Last Ten Years
(Accrual Basis of Accounting)

	2016	2015	2014	2013
Expenses				
Governmental Activities:				
General Government	\$5,633,886	\$4,903,243	\$5,075,154	\$4,922,271
Security of Persons and Property:				
Police	5,870,246	5,453,464	5,453,595	5,560,147
Fire	4,485,723	4,305,885	4,091,826	3,976,171
Public Health and Welfare	208,978	207,634	192,212	176,774
Leisure Time Activities	1,351,664	1,353,647	1,348,774	1,316,269
Community Development	802,316	954,588	867,243	753,096
Basic Utility Services	1,002,418	1,037,997	1,035,156	1,036,719
Transportation	3,484,480	4,282,467	3,700,311	4,343,828
Interest and Fiscal Charges	351,868	378,656	425,081	379,698
<i>Total Governmental Activities Expenses</i>	<u>23,191,579</u>	<u>22,877,581</u>	<u>22,189,352</u>	<u>22,464,973</u>
Business-Type Activities				
Water	3,312,714	3,131,099	3,785,358	3,853,350
Wastewater	2,190,291	1,832,603	2,340,584	2,175,580
<i>Total Business-Type Activities Expenses</i>	<u>5,503,005</u>	<u>4,963,702</u>	<u>6,125,942</u>	<u>6,028,930</u>
<i>Total Primary Government Program Expenses</i>	<u>28,694,584</u>	<u>27,841,283</u>	<u>28,315,294</u>	<u>28,493,903</u>
Net (Expense)/Revenue				
Governmental Activities	(16,780,869)	(16,646,861)	(16,887,090)	(16,899,551)
Business-Type Activities	1,147,001	1,584,110	521,056	1,238,296
<i>Total Primary Government Net Expense</i>	<u>(\$15,633,868)</u>	<u>(\$15,062,751)</u>	<u>(\$16,366,034)</u>	<u>(\$15,661,255)</u>

2012	2011	2010	2009	2008	2007
\$5,451,587	\$5,091,308	\$4,908,785	\$4,928,374	\$5,323,310	\$5,106,413
5,660,332	5,290,725	5,247,617	5,359,101	5,446,671	5,452,247
4,106,403	3,779,111	3,755,520	3,598,515	4,097,079	3,620,839
180,994	194,643	177,865	166,753	221,252	193,518
1,343,654	1,324,108	1,391,675	1,386,520	1,503,009	1,609,539
746,201	843,855	949,599	912,620	729,553	633,811
1,015,825	1,010,797	1,054,778	1,046,474	1,027,983	888,600
4,363,978	4,303,602	4,685,770	4,447,747	4,786,782	4,221,135
735,190	560,422	509,591	566,322	592,927	615,603
<u>23,604,164</u>	<u>22,398,571</u>	<u>22,681,200</u>	<u>22,412,426</u>	<u>23,728,566</u>	<u>22,341,705</u>
3,234,955	4,131,949	4,515,808	3,854,565	3,231,458	3,472,856
2,040,179	1,958,932	2,051,038	2,024,262	1,880,937	2,347,908
<u>5,275,134</u>	<u>6,090,881</u>	<u>6,566,846</u>	<u>5,878,827</u>	<u>5,112,395</u>	<u>5,820,764</u>
<u>28,879,298</u>	<u>28,489,452</u>	<u>29,248,046</u>	<u>28,291,253</u>	<u>28,840,961</u>	<u>28,162,469</u>
(17,933,338)	(16,752,948)	(16,311,872)	(17,257,924)	(18,117,740)	(17,204,470)
1,643,816	988,709	(15,717)	259,099	716,439	313,550
<u>(\$16,289,522)</u>	<u>(\$15,764,239)</u>	<u>(\$16,327,589)</u>	<u>(\$16,998,825)</u>	<u>(\$17,401,301)</u>	<u>(\$16,890,920)</u>

(continued)

City of Bedford, Ohio
Changes in Net Position (continued)
Last Ten Years
(Accrual Basis of Accounting)

	2016	2015	2014	2013
General Revenues and Other				
Changes in Net Position				
Governmental Activities				
Taxes:				
Property and Taxes Levied For:				
General Purposes	\$1,899,363	\$1,892,764	\$1,925,157	\$1,831,056
Debt Service	0	0	0	201,493
Public Safety	2,482,983	2,474,584	2,507,739	2,657,842
Municipal Income Taxes levied for:				
General Purposes	7,998,584	7,552,029	9,379,819	9,668,374
Debt Service	853,939	835,265	1,069,643	710,925
Grants and Entitlements not Restricted to				
Specific Programs	616,412	638,689	777,765	675,467
Investment Income	58,552	56,884	42,732	26,397
Gain on Sale of Capital Assets	20,257	21,898	644	5,645
Miscellaneous	284,100	163,639	267,595	271,230
<i>Total Governmental Activities</i>	<u>14,214,190</u>	<u>13,635,752</u>	<u>15,971,094</u>	<u>16,048,429</u>
Business-Type Activities				
Municipal Income Taxes levied for:				
Other Purpose - Wastewater	0	0	17	304,759
Investment Income	27,237	69,286	48,047	49,334
Gain on Sale of Capital Assets	0	0	0	1,074
Miscellaneous	51,910	34,877	36,285	16,118
<i>Total Business-Type Activities</i>	<u>79,147</u>	<u>104,163</u>	<u>84,349</u>	<u>371,285</u>
<i>Total Primary Government General Revenues and Other Changes in Net Position</i>	<u>14,293,337</u>	<u>13,739,915</u>	<u>16,055,443</u>	<u>16,419,714</u>
Change in Net Position				
Governmental Activities	(2,566,679)	(3,011,109)	(915,996)	(851,122)
Business-Type Activities	1,226,148	1,688,273	605,405	1,609,581
<i>Total Primary Government Change in Net Position</i>	<u>(\$1,340,531)</u>	<u>(\$1,322,836)</u>	<u>(\$310,591)</u>	<u>\$758,459</u>

2012	2011	2010	2009	2008	2007
\$1,898,877	\$2,263,682	\$2,306,766	\$2,340,611	\$2,436,161	\$2,648,487
225,894	32,714	0	0	0	0
2,778,562	3,003,234	3,016,795	943,569	880,740	957,466
8,904,771	9,277,242	8,145,582	7,616,052	9,098,927	9,852,161
720,216	680,703	657,234	626,789	680,711	769,619
632,800	1,131,551	1,406,412	950,510	1,852,030	1,735,202
20,824	108,763	37,698	172,163	411,024	750,070
32,484	17,041	4,957	145,395	114,650	38,742
166,941	413,756	172,198	311,302	237,977	442,004
15,381,369	16,928,686	15,747,642	13,106,391	15,712,220	17,193,751
309,255	291,679	276,601	250,344	291,734	329,833
67,547	81,581	31,346	90,936	145,854	189,673
0	0	21,696	0	0	0
33,029	27,249	66,737	45,058	30,342	30,748
409,831	400,509	396,380	386,338	467,930	550,254
15,791,200	17,329,195	16,144,022	13,492,729	16,180,150	17,744,005
(2,551,969)	175,738	(564,230)	(4,151,533)	(2,405,520)	(10,719)
2,053,647	1,389,218	380,663	645,437	1,184,369	863,804
(\$498,322)	\$1,564,956	(\$183,567)	(\$3,506,096)	(\$1,221,151)	\$853,085

City of Bedford, Ohio
Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

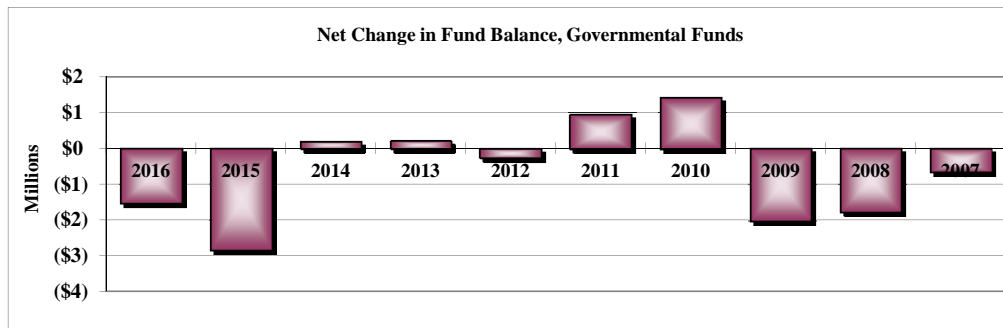
	2016	2015	2014	2013
General Fund				
Nonspendable	\$209,918	\$217,793	\$274,070	\$219,643
Committed	49,682	80,219	74,017	198,997
Assigned	1,494,492	1,122,196	384,937	306,154
Unassigned	6,186,875	7,648,848	10,580,613	10,194,477
Reserved	0	0	0	0
Unreserved	0	0	0	0
<i>Total General Fund</i>	<u>7,940,967</u>	<u>9,069,056</u>	<u>11,313,637</u>	<u>10,919,271</u>
All Other Governmental Funds				
Nonspendable	39,676	4,970	0	7,623
Restricted	2,912,679	3,358,301	3,294,744	3,390,016
Committed	27,350	20,150	1,000	15,091
Assigned	0	0	368,211	411,139
Unassigned (Deficit)	(429,515)	(427,549)	(115,499)	(74,710)
Reserved	0	0	0	0
Unreserved, Undesignated, Reported in:				
Special Revenue funds	0	0	0	0
Debt Service funds	0	0	0	0
Capital Projects funds	0	0	0	0
<i>Total All Other Governmental Funds</i>	<u>2,550,190</u>	<u>2,955,872</u>	<u>3,548,456</u>	<u>3,749,159</u>
<i>Total Governmental Funds</i>	<u><u>\$10,491,157</u></u>	<u><u>\$12,024,928</u></u>	<u><u>\$14,862,093</u></u>	<u><u>\$14,668,430</u></u>

Note: The City implemented GASB 54 in 2009 resulting in a restatement to the 2008 balances.

2012	2011	2010	2009	2008	2007
\$180,077	\$201,231	\$140,994	\$166,953	\$205,924	\$0
24,374	16,033	12,216	517	0	0
74,306	61,663	45,607	66,615	614,578	0
10,193,528	10,019,811	8,974,991	8,431,130	9,627,764	0
0	0	0	0	0	78,845
0	0	0	0	0	10,313,325
10,472,285	10,298,738	9,173,808	8,665,215	10,448,266	10,392,170
7,623	7,583	98,803	127,351	49,844	0
3,834,556	3,979,152	3,729,801	3,268,902	3,434,707	0
79,064	311,465	80,540	6,158	0	0
96,367	145,418	690,032	297,817	437,035	0
(23,847)	(22,443)	0	0	0	0
0	0	0	0	0	836,062
0	0	0	0	0	3,398,068
0	0	0	0	0	443,234
0	0	0	0	0	823,158
3,993,763	4,421,175	4,599,176	3,700,228	3,921,586	5,500,522
\$14,466,048	\$14,719,913	\$13,772,984	\$12,365,443	\$14,369,852	\$15,892,692

City of Bedford, Ohio
Changes in Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	2016	2015	2014	2013
Revenues				
Property Taxes	\$4,386,786	\$4,392,595	\$4,405,478	\$4,723,597
Municipal Income Taxes	8,501,776	8,386,622	10,577,142	9,905,568
Charges for Services	782,465	774,248	809,192	795,226
Fees, Licenses and Permits	226,107	231,680	206,441	243,858
Fines and Forfeitures	1,938,316	1,807,734	1,846,563	1,909,110
Intergovernmental	2,897,135	2,765,672	2,819,122	3,007,667
Special Assessments	1,055,304	425,339	402,243	392,386
Contributions and Donations	12,600	14,860	1,430	60,297
Interest	57,555	55,625	41,413	26,012
Rentals	96,142	108,498	94,528	98,701
Other	284,100	163,639	225,746	236,534
Total Revenues	20,238,286	19,126,512	21,429,298	21,398,956
Expenditures				
Current:				
General Government	5,122,688	5,118,077	4,723,290	4,651,606
Security of Persons and Property:				
Police	5,520,532	5,293,746	5,324,905	5,452,264
Fire	3,931,121	3,865,897	4,147,726	3,807,815
Public Health and Welfare	213,497	206,858	191,430	177,384
Leisure Time Activities	1,257,864	1,283,579	1,267,915	1,206,358
Community Development	777,336	945,958	882,144	880,795
Basic Utilities Services	1,001,800	1,037,379	1,040,927	1,036,719
Transportation	2,440,812	2,296,232	2,099,274	2,325,768
Capital Outlay	114,405	672,342	202,915	1,401,483
Debt Service:				
Principal Retirement	940,539	969,929	946,462	845,150
Interest and Fiscal Charges	345,957	366,788	410,107	383,517
Payment to Refunded Bond Escrow Agent	127,058	0	0	0
Bond Issuance Costs	42,725	0	29,459	67,270
Total Expenditures	21,836,334	22,056,785	21,266,554	22,236,129
Excess of Revenues Over (Under) Expenditures	(1,598,048)	(2,930,273)	162,744	(837,173)
Other Financing Sources (Uses)				
Sale of Capital Assets	21,552	21,898	6,820	5,645
OPWC Loans Issued	0	0	0	0
General Obligation Bonds Issued	6,035,268	0	835,000	2,314,300
Premium on Bonds Issued	0	0	39,099	66,577
Discount on Bonds Issued	0	0	0	0
Payment to Refunded Bond Escrow Agent	(5,992,543)	0	(850,000)	(1,346,967)
Inception of Capital Lease	0	71,210	0	0
Transfers In	4,302,330	4,310,932	4,104,476	4,677,313
Transfers Out	(4,302,330)	(4,310,932)	(4,104,476)	(4,677,313)
Total Other Financing Sources (Uses)	64,277	93,108	30,919	1,039,555
Net Change in Fund Balances	(\$1,533,771)	(\$2,837,165)	\$193,663	\$202,382
Debt Service as a Percentage of Noncapital Expenditures	6.0%	6.3%	6.5%	5.9%



2012	2011	2010	2009	2008	2007
\$5,079,292	\$5,136,936	\$5,174,321	\$3,311,558	\$3,314,450	\$3,570,124
9,928,119	9,671,215	8,819,439	8,528,730	9,401,167	10,648,355
646,510	1,024,848	748,132	1,029,766	774,816	699,046
210,796	248,260	211,116	162,453	207,702	292,484
1,948,751	1,761,228	1,695,770	1,746,097	1,917,688	1,768,546
3,051,857	3,417,329	4,455,400	2,908,431	3,954,097	3,535,460
427,208	387,548	416,092	425,542	449,480	498,755
14,708	48,317	83,320	40,855	0	45,100
19,645	106,187	33,409	158,561	386,021	723,195
242,940	24,632	24,090	15,480	14,290	20,010
139,610	389,241	146,708	348,026	237,977	442,004
21,709,436	22,215,741	21,807,797	18,675,499	20,657,688	22,243,079
5,033,052	4,638,074	4,432,001	4,652,214	4,833,025	4,619,198
5,471,831	5,303,242	5,081,196	5,265,227	5,296,548	5,347,238
3,897,559	3,643,979	3,637,500	3,421,428	3,967,593	3,833,850
179,563	193,914	175,806	161,799	210,749	189,816
1,265,328	1,316,961	1,686,229	1,313,051	1,408,141	1,459,829
852,251	859,349	1,255,407	911,782	1,728,246	1,034,540
1,015,825	1,010,797	1,054,778	1,046,474	1,025,646	879,667
2,425,410	2,390,859	2,200,388	2,362,348	2,674,815	2,524,594
473,374	1,230,803	1,841,744	534,808	474,873	1,865,496
899,520	722,062	690,481	665,084	652,402	599,739
482,024	526,162	466,198	493,363	519,709	572,980
0	0	0	0	0	0
0	0	55,200	0	0	0
21,995,737	21,836,202	22,576,928	20,827,578	22,791,747	22,926,947
(286,301)	379,539	(769,131)	(2,152,079)	(2,134,059)	(683,868)
32,896	49,041	4,387	147,670	336,433	41,172
0	518,349	0	0	0	0
0	0	2,145,000	0	0	0
0	0	23,710	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
39,540	0	3,575	0	40,845	0
3,870,767	4,018,869	3,858,052	3,554,148	4,701,390	5,874,801
(3,910,767)	(4,018,869)	(3,858,052)	(3,554,148)	(4,701,390)	(5,874,801)
32,436	567,390	2,176,672	147,670	377,278	41,172
(\$253,865)	\$946,929	\$1,407,541	(\$2,004,409)	(\$1,756,781)	(\$642,696)
6.5%	6.1%	5.9%	5.8%	5.5%	5.8%

City of Bedford, Ohio
Assessed Valuation and Estimated True Values of Taxable Property
Last Ten Years

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2016	\$121,809,130	\$93,787,530	\$615,990,457	\$9,514,510	\$10,811,943
2015	127,486,620	100,406,370	651,122,829	9,271,900	10,536,250
2014	127,867,150	99,086,210	648,438,171	8,776,990	9,973,852
2013	128,477,170	101,592,750	657,342,629	8,103,300	9,208,295
2012	150,782,510	110,000,870	745,095,371	7,358,540	8,361,977
2011	151,467,810	109,940,100	746,879,743	7,037,960	7,997,682
2010	151,771,630	115,119,760	762,546,829	6,869,490	7,806,239
2009	172,280,760	108,449,470	802,086,371	6,468,910	7,351,034
2008	171,872,930	101,454,280	780,934,886	8,318,020	9,452,295
2007	152,499,920	89,128,130	690,365,857	8,552,600	9,718,864

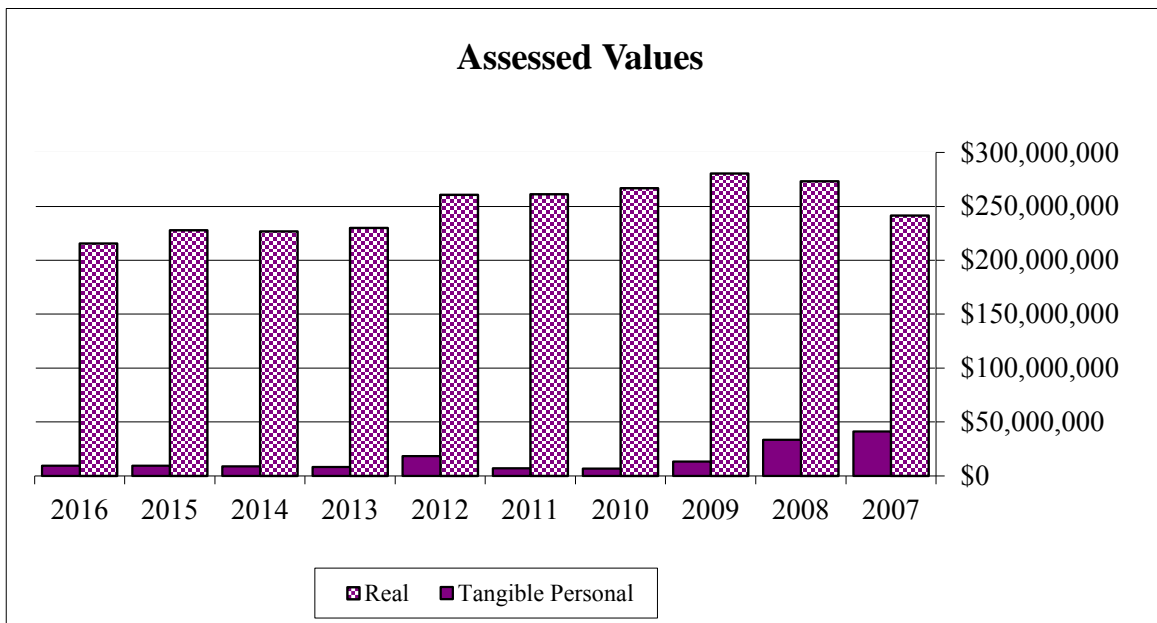
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property tax has been phased out, and during the phase out period, all general business tangible personal property was assessed at 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies, at 5 percent for 2010. No tangible personal property taxes were levied or collected in 2009 from general business taxpayers, (except telephone companies whose last year to pay tangible personal property tax was 2010).

The tangible personal property values associated with each year were the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by a 10 percent and a 2 1/2 percent rollback, and homestead exemptions before being billed.

Tangible Personal Property

General Business		Total		Ratio	Tax Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
\$0	\$0	\$225,111,170	\$626,802,400	35.91%	\$21.70
0	0	237,164,890	661,659,079	35.84	21.70
0	0	235,730,350	658,412,024	35.80	21.70
0	0	238,173,220	666,550,924	35.73	21.70
0	0	268,141,920	753,457,349	35.59	21.70
0	0	268,445,870	754,877,425	35.56	21.70
0	0	273,760,880	770,353,067	35.54	21.70
6,746,990	107,951,840	293,946,130	917,389,246	32.04	12.80
25,224,143	201,793,144	306,869,373	992,180,325	30.93	12.80
32,629,086	174,021,792	282,809,736	874,106,513	32.35	12.80



City of Bedford, Ohio
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Years

	2016	2015	2014	2013	2012
Unvoted Millage					
Operating	\$3.2800	\$3.2800	\$3.2800	\$3.2800	\$3.2800
Fire Pension	0.3000	0.3000	0.3000	0.3000	0.3000
Police Pension	0.3000	0.3000	0.3000	0.3000	0.3000
<i>Total Unvoted Millage</i>	<u>3.8800</u>	<u>3.8800</u>	<u>3.8800</u>	<u>3.8800</u>	<u>3.8800</u>
Voted Millage - by levy					
1976 Charter/Current Expense	6.1200	6.1200	6.1200	6.1200	6.1200
1994 Charter/Fire	2.8000	2.8000	2.8000	2.8000	2.8000
2009 Charter/Safety Forces Levy	8.9000	8.9000	8.9000	8.9000	8.9000
<i>Total Voted Millage</i>	<u>17.8200</u>	<u>17.8200</u>	<u>17.8200</u>	<u>17.8200</u>	<u>17.8200</u>
Total Millage	<u><u>\$21.7000</u></u>	<u><u>\$21.7000</u></u>	<u><u>\$21.7000</u></u>	<u><u>\$21.7000</u></u>	<u><u>\$21.7000</u></u>
Overlapping Rates by Taxing District					
Bedford City School District					
Residential/Agricultural Real	\$45.1652	\$44.7465	\$44.7465	\$39.7646	\$40.1211
Commercial/Industrial and Public Utility Real	56.4607	54.2630	54.2631	49.0798	49.2110
General Business and Public Utility Personal	75.7200	75.7200	75.7200	70.8200	71.3000
Cuyahoga County					
Residential/Agricultural Real	13.8698	14.0500	14.0500	14.0500	13.2200
Commercial/Industrial and Public Utility Real	14.0500	14.0195	14.0195	13.9495	12.9968
General Business and Public Utility Personal	14.0500	14.0500	14.0500	14.0500	13.2200
Special Taxing Districts (1)					
Residential/Agricultural Real	9.2368	9.3643	9.3643	8.4639	7.5635
Commercial/Industrial and Public Utility Real	9.3676	9.3401	9.3401	8.3843	7.4621
General Business and Public Utility Personal	9.3800	9.3800	9.3800	8.4800	7.5800

Source: Cuyahoga County Fiscal Officer

Note: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year.

The City's basic property tax rate may be increased only by a majority vote of the City's residents.

Charter millage is consistently applied to all types of property as opposed to the voted levies of the overlapping taxing districts.

Overlapping rates are those of local and county governments that apply to property owners within the City.

(1) Metro Parks, Port Authority, County Library, Community College

2011	2010	2009	2008	2007
\$3.2800	\$3.2800	\$3.2800	\$3.2800	\$3.2800
0.3000	0.3000	0.3000	0.3000	0.3000
0.3000	0.3000	0.3000	0.3000	0.3000
3.8800	3.8800	3.8800	3.8800	3.8800
6.1200	6.1200	6.1200	6.1200	6.1200
2.8000	2.8000	2.8000	2.8000	2.8000
8.9000	8.9000	0.0000	0.0000	0.0000
17.8200	17.8200	8.9200	8.9200	8.9200
\$21.7000	\$21.7000	\$12.8000	\$12.8000	\$12.8000

\$37.5823	\$38.6990	\$38.6966	\$30.9967	\$31.0146
47.2052	48.2579	48.1831	14.8100	42.9154
71.3000	72.5000	72.5000	67.6000	67.6000

13.1182	13.1866	13.1789	12.6607	11.8689
12.7845	12.8412	12.8457	12.8153	12.4536
13.2200	13.3200	13.3200	13.3200	13.4200

7.5041	7.4900	7.0069	6.6597	5.9676
7.3648	7.3450	6.9119	6.8911	6.2518
7.5800	7.5800	7.2800	7.2800	6.7800

City of Bedford, Ohio
Property Tax Levies And Collections
Last Ten Years

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections (1)
2016	\$4,963,794	\$4,610,944	92.89%	\$238,318	\$4,849,262
2015	5,270,491	4,656,449	88.35	221,091	4,877,540
2014	5,143,389	4,615,212	89.73	264,398	4,879,610
2013	5,366,546	5,020,201	93.55	200,460	5,220,661
2012	5,832,805	5,353,259	91.78	467,976	5,821,235
2011	5,861,322	5,301,685	90.45	283,869	5,585,554
2010	5,838,928	5,509,756	94.36	185,339	5,695,095
2009	3,695,369	3,465,784	93.79	152,322	3,618,105
2008	3,605,768	3,338,117	92.58	156,286	3,494,403
2007	3,573,911	3,341,562	93.50	180,513	3,522,075

Source: Cuyahoga County, Ohio; County Fiscal Officer

(1) State reimbursement of rollback and homestead exemptions are included.

Note: The County's current reporting system does not track delinquency tax collections by tax year. Outstanding delinquencies are tracked in total by the date the parcel is first certified delinquent. Penalties and interest are applied to the total outstanding delinquent balance. The presentation will be updated as new information becomes available.

<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Total Tax Levy</u>
97.69%	\$844,693	17.02%
92.54	1,030,707	19.56
94.87	1,003,154	19.50
97.28	891,107	16.60
99.80	818,604	14.03
95.30	908,736	15.50
97.54	670,034	11.48
97.91	435,233	11.78
96.91	443,464	12.30
98.55	366,241	10.25

City of Bedford, Ohio
Principal Real Property Taxpayers
2016 and 2007

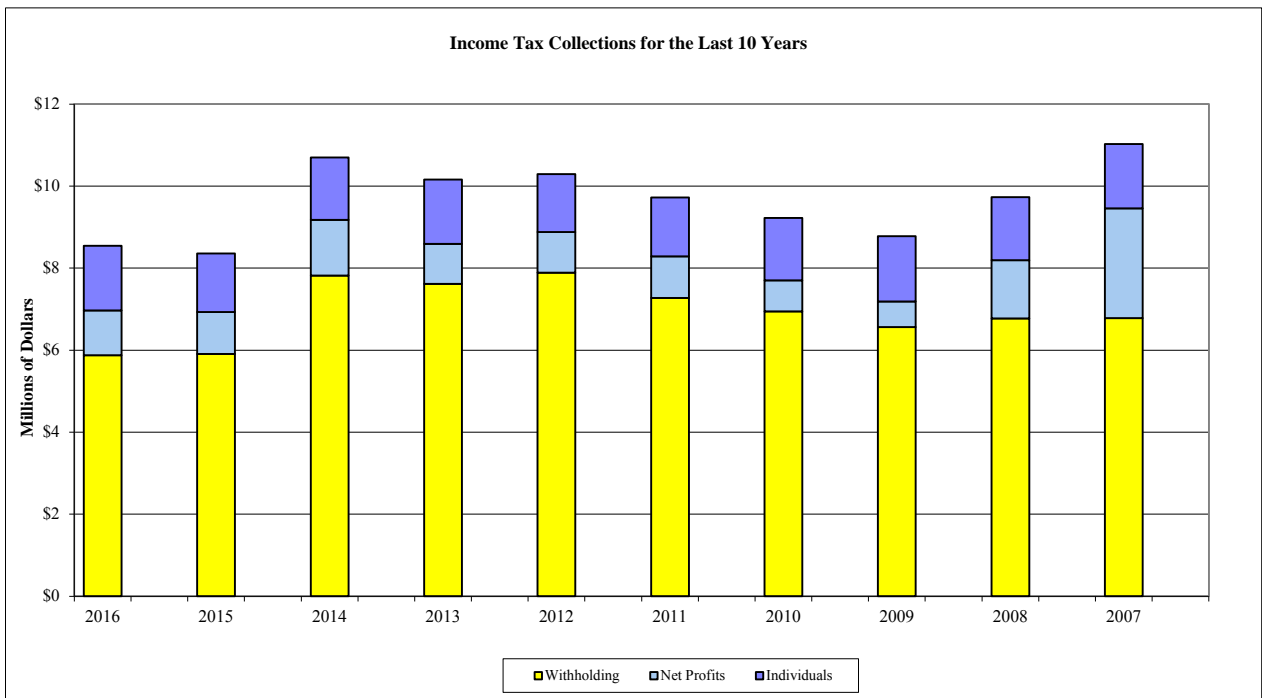
<u>2016</u>		
<u>Taxpayer</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of Total Real Property Assessed Valuation</u>
Cleveland Electric Illuminating Company	\$7,426,410	3.44 %
Xellia Pharmaceuticals	6,694,710	3.11
Bedford Colony Club Apartments	4,781,400	2.22
Wal-Mart Associates Incorporated	4,592,180	2.13
Bedford Senior Living Real Estate LLC	3,185,010	1.48
Bear Creek Property Company	2,194,930	1.02
Tomken, Incorporated	1,933,950	0.90
American Transmission System	1,931,790	0.90
West-Ward Injectables, Incorporated	1,857,700	0.86
Vincentian Sisters of Charity	1,766,200	0.81
Total	\$36,364,280	16.87 %
Total Real Property Assessed Valuation	\$215,596,660	
<u>2007</u>		
<u>Taxpayer</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of Total Real Property Assessed Valuation</u>
Bear Creek Property Company	\$7,175,520	2.97 %
Cleveland Electric Illuminating Company	4,893,690	2.03
Bedford Colony Club Apartments	4,740,330	1.96
Ben Venue Laboratories Incorporated	4,571,110	1.89
Brandybrook LLC	3,199,670	1.32
Aspen Retirement Village	3,164,040	1.31
HIN, LLC	2,800,010	1.16
University Hospitals Health Systems	2,782,090	1.15
Ohio Bell Telephone Company	2,201,650	0.91
Nextgen Group, LTD	1,915,240	0.80
Total	\$37,443,350	15.50 %
Total Real Property Assessed Valuation	\$241,628,050	

Source: Cuyahoga County Fiscal Officer

City of Bedford, Ohio
Income Tax Revenue Base and Collections
Last Ten Years

Tax Year	Tax Rate	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2016	2.25%	\$8,542,762	\$5,874,905	68.77%	\$1,096,691	12.84%	\$1,571,166	18.39%
2015	2.25	8,353,995	5,906,190	70.70	1,021,640	12.23	1,426,165	17.07
2014	2.25	10,697,349	7,818,943	73.09	1,359,219	12.71	1,519,187	14.20
2013	2.25	10,157,319	7,613,014	74.95	981,622	9.66	1,562,683	15.39
2012	2.25	10,294,837	7,885,409	76.60	995,553	9.67	1,413,875	13.73
2011	2.25	9,725,086	7,268,751	74.74	1,020,089	10.49	1,436,246	14.77
2010	2.25	9,222,515	6,948,561	75.34	752,013	8.15	1,521,941	16.51
2009	2.25	8,778,810	6,564,851	74.78	621,519	7.08	1,592,440	18.14
2008	2.25	9,730,084	6,769,942	69.58	1,422,846	14.62	1,537,296	15.80
2007	2.25	11,024,893	6,784,719	61.54	2,672,434	24.24	1,567,740	14.22

Note: The City is statutorily prohibited from presenting individual taxpayer information.



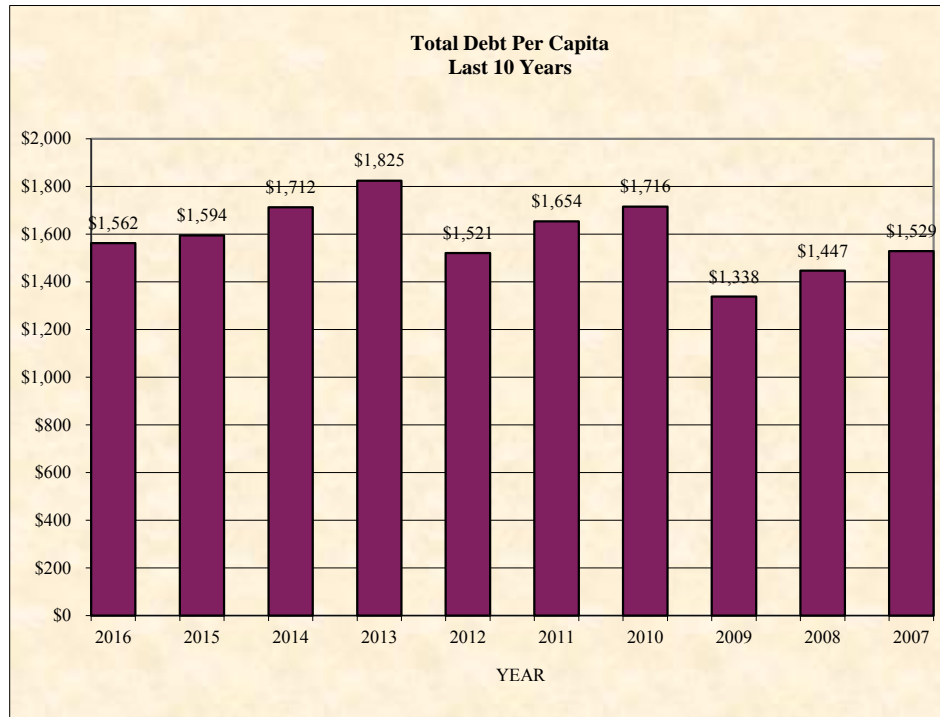
City of Bedford, Ohio
*Ratio of Outstanding Debt to
Total Personal Income and Debt Per Capita
Last Ten Years*

Year	Governmental Activities			
	General Obligation Bonds	Special Assessment Bonds	OPWC Loans	Capital Leases
2016	\$8,832,323	\$0	\$492,479	\$61,996
2015	9,673,174	0	544,325	85,006
2014	10,525,186	60,000	596,171	27,222
2013	11,330,105	115,000	659,147	31,164
2012	10,984,030	170,000	733,253	44,475
2011	11,729,474	240,000	807,359	12,915
2010	11,963,792	310,000	337,199	22,845
2009	10,341,088	370,000	385,388	31,102
2008	10,861,303	430,000	433,577	42,712
2007	11,363,218	500,000	481,766	9,263

Note: Population and Personal Income data are presented on page S32.

Business-Type Activities

General Obligation Bonds	OWDA Loans	OPWC Loans	Total Debt	Percentage of Personal Income	Per Capita
\$8,888,909	\$1,068,445	\$1,076,532	\$20,420,684	6.50%	\$1,562
8,172,090	1,198,841	1,170,364	20,843,800	6.86	1,594
8,591,978	1,324,296	1,264,195	22,389,048	7.63	1,712
8,916,167	1,444,998	1,362,192	23,858,773	7.63	1,825
4,095,413	2,393,182	1,460,186	19,880,539	6.63	1,521
4,439,170	3,298,229	1,092,830	21,619,977	6.82	1,654
4,652,674	3,977,893	1,168,124	22,432,527	7.23	1,716
1,919,316	4,729,073	1,243,418	19,019,385	6.73	1,338
2,145,609	5,442,910	1,210,512	20,566,623	7.28	1,447
2,360,202	6,121,100	899,418	21,734,967	7.69	1,529



City of Bedford, Ohio
*Ratio of General Obligation Bonded Debt to Estimated True
 Values of Taxable Property and Bonded Debt Per Capita
 Last Ten Years*

<u>Year</u>	<u>Population (1)</u>		<u>Estimated True Values of Taxable Property (2)</u>	<u>Gross Bonded Debt (3) (4)</u>	<u>Ratio of Bonded Debt to Estimated True Values of Taxable Property</u>	<u>Bonded Debt Per Capita</u>
2016	13,074	b	\$626,802,400	\$17,721,232	2.83 %	\$1,355
2015	13,074	b	661,659,079	17,845,264	2.70	1,365
2014	13,074	b	658,412,024	19,117,164	2.90	1,462
2013	13,074	b	666,550,924	20,246,272	3.04	1,549
2012	13,074	b	753,457,349	15,079,443	2.00	1,153
2011	13,074	b	754,877,425	16,168,644	2.14	1,237
2010	13,074	b	770,353,067	16,616,466	2.16	1,271
2009	14,214	a	917,389,246	12,260,404	1.34	863
2008	14,214	a	992,180,325	13,006,912	1.31	915
2007	14,214	a	874,106,513	13,723,420	1.15	965

Sources:

(1) U. S. Bureau of Census, Census of Population.

(a) 2000 Federal Census

(b) 2010 Federal Census

(2) Cuyahoga County Fiscal Officer

(3) Includes all general obligation bonded debt with the exception of Special Assessment debt.

(4) Although the general obligation bond retirement fund is restricted for debt service, it is not specifically restricted to the payment of principal. Therefore, these resources are not shown as a deduction from general obligation bonded debt.

City of Bedford, Ohio

*Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2016*

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Bedford
Direct - City of Bedford			
General Obligation Bonds	\$8,832,323	100.00%	\$8,832,323
OPWC Loans	492,479	100.00%	492,479
Capital Leases	61,996	100.00%	61,996
<i>Total Direct Debt</i>	<u>9,386,798</u> *		<u>9,386,798</u>
Overlapping			
Bedford School District			
General Obligation Bonds	1,480,333	43.53%	644,389
Cuyahoga County			
General Obligation Bonds	242,795,758	0.08%	194,237
Revenue Bonds	597,515,568	0.08%	478,012
Certificates of Participation	256,864,058	0.08%	205,491
Loans Payable	2,404,204	0.08%	1,923
Capital Leases	378,556,966	0.08%	302,846
Greater Cleveland Regional			
Transit Authority	139,107,969	0.08%	111,286
<i>Total Overlapping Debt</i>	<u>1,618,724,856</u>		<u>1,938,184</u>
Total	<u><u>\$1,628,111,654</u></u>		<u><u>\$11,324,982</u></u>

Source: Cuyahoga County, Ohio; County Fiscal Officer

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation. The debt outstanding includes general obligation bonds.

* \$7,994,626 of the total \$8,750,268 of total outstanding general obligation debt is backed by two revenue sources.

\$4,344,943 of general obligation bonds for the construction of the Municipal Complex is backed by 1/4 percent municipal income tax, effective for collections on January 1, 2000.

\$999,683 of general obligation debt is backed by a municipal court fee which is added to court cases.

A final source of revenue for the repayment of this debt is real estate taxes. We do not anticipate that any of the \$5,344,626 of outstanding debt will be subject to repayment from this resource.

City of Bedford, Ohio

Legal Debt Margin

Last Ten Years

	2016	2015	2014	2013
Population	13,074	13,074	13,074	13,074
Total Assessed Property Value	<u>\$225,111,170</u>	<u>\$237,164,890</u>	<u>\$235,730,350</u>	<u>\$238,173,220</u>
General Bonded Debt Outstanding:				
General Obligation Notes/Bonds	\$17,422,750	\$17,515,000	\$18,760,000	\$20,040,000
Special Assessment Bonds	0	0	60,000	115,000
OPWC Loans	1,569,011	1,714,689	1,860,366	2,021,339
OWDA Loans	<u>1,068,445</u>	<u>1,198,841</u>	<u>1,324,296</u>	<u>1,444,998</u>
Total Gross Indebtedness	20,060,206	20,428,530	22,004,662	23,621,337
Less:				
General Obligation Notes/Bonds	(12,861,677)	(10,401,500)	(11,057,100)	(15,766,000)
Special Assessment Bonds	0	0	(60,000)	(115,000)
OPWC Loans	(1,569,011)	(1,714,689)	(1,860,366)	(2,021,339)
OWDA Loans	(1,068,445)	(1,198,841)	(1,324,296)	(1,444,998)
General Obligation Bond Retirement Fund Balance	<u>(172,668)</u>	<u>(221,147)</u>	<u>(222,155)</u>	<u>(138,356)</u>
Total Net Debt Applicable to Debt Limit	<u>4,388,405</u>	<u>6,892,353</u>	<u>7,480,745</u>	<u>4,135,644</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>23,636,673</u>	<u>24,902,313</u>	<u>24,751,687</u>	<u>25,008,188</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$19,248,268</u>	<u>\$18,009,960</u>	<u>\$17,270,942</u>	<u>\$20,872,544</u>
Legal Debt Margin as a Percentage of the Debt Limit	81.43%	72.32%	69.78%	83.46%
Unvoted Debt Limitation 5 ½ % of Assessed Valuation	<u>\$12,381,114</u>	<u>\$13,044,069</u>	<u>\$12,965,169</u>	<u>\$13,099,527</u>
Total Gross Indebtedness	20,060,206	20,428,530	22,004,662	23,621,337
Less:				
General Obligation Notes/Bonds	(12,861,677)	(10,401,500)	(11,057,100)	(15,766,000)
Special Assessment Bonds	0	0	(60,000)	(115,000)
OPWC Loans	(1,569,011)	(1,714,689)	(1,860,366)	(2,021,339)
OWDA Loans	(1,068,445)	(1,198,841)	(1,324,296)	(1,444,998)
General Obligation Bond Retirement Fund Balance	<u>(172,668)</u>	<u>(221,147)</u>	<u>(222,155)</u>	<u>(138,356)</u>
Net Debt Within 5 ½ % Limitations	<u>4,388,405</u>	<u>6,892,353</u>	<u>7,480,745</u>	<u>4,135,644</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$7,992,709</u>	<u>\$6,151,716</u>	<u>\$5,484,424</u>	<u>\$8,963,883</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	64.56%	47.16%	42.30%	68.43%

Source: City Financial Records

2012	2011	2010	2009	2008	2007
13,074	13,074	13,074	14,214	14,214	14,214
<u>\$268,141,920</u>	<u>\$268,445,870</u>	<u>\$273,760,880</u>	<u>\$293,946,130</u>	<u>\$306,869,373</u>	<u>\$282,809,736</u>
\$15,045,000	\$16,130,000	\$16,970,000	\$12,680,000	\$13,455,000	\$14,200,000
170,000	240,000	310,000	370,000	430,000	500,000
2,193,739	1,900,189	1,505,323	1,628,806	1,644,089	1,381,184
<u>2,393,182</u>	<u>3,298,229</u>	<u>4,162,292</u>	<u>4,991,234</u>	<u>5,774,833</u>	<u>6,526,785</u>
19,801,921	21,568,418	22,947,615	19,670,040	21,303,922	22,607,969
(10,538,200)	(11,360,400)	(12,075,900)	(9,809,700)	(10,473,500)	(11,110,600)
(170,000)	(240,000)	(310,000)	(370,000)	(430,000)	(500,000)
(2,193,739)	(1,900,189)	(1,505,323)	(1,628,806)	(1,488,054)	(1,381,184)
<u>(2,393,182)</u>	<u>(3,298,229)</u>	<u>(4,162,292)</u>	<u>(4,991,234)</u>	<u>(5,774,833)</u>	<u>(6,526,785)</u>
<u>(112,729)</u>	<u>(42,256)</u>	<u>(5,458)</u>	<u>(527)</u>	<u>(20,324)</u>	<u>(229,285)</u>
4,394,071	4,727,344	4,888,642	2,869,773	3,117,211	2,860,115
28,154,902	28,186,816	28,744,892	30,864,344	32,221,284	29,695,022
<u>\$23,760,831</u>	<u>\$23,459,472</u>	<u>\$23,856,250</u>	<u>\$27,994,571</u>	<u>\$29,104,073</u>	<u>\$26,834,907</u>
84.39%	83.23%	82.99%	90.70%	90.33%	90.37%
<u>\$14,747,806</u>	<u>\$14,764,523</u>	<u>\$15,056,848</u>	<u>\$16,167,037</u>	<u>\$16,877,816</u>	<u>\$15,554,535</u>
19,801,921	21,568,418	22,947,615	19,670,040	21,303,922	22,607,969
(10,538,200)	(11,360,400)	(12,075,900)	(9,809,700)	(10,473,500)	(11,110,600)
(170,000)	(240,000)	(310,000)	(370,000)	(430,000)	(500,000)
(2,193,739)	(1,900,189)	(1,505,323)	(1,628,806)	(1,488,054)	(1,381,184)
<u>(2,393,182)</u>	<u>(3,298,229)</u>	<u>(4,162,292)</u>	<u>(4,991,234)</u>	<u>(5,774,833)</u>	<u>(6,526,785)</u>
<u>(112,729)</u>	<u>(42,256)</u>	<u>(5,458)</u>	<u>(527)</u>	<u>(20,324)</u>	<u>(229,285)</u>
4,394,071	4,727,344	4,888,642	2,869,773	3,117,211	2,860,115
<u>\$10,353,735</u>	<u>\$10,037,179</u>	<u>\$10,168,206</u>	<u>\$13,297,264</u>	<u>\$13,760,605</u>	<u>\$12,694,420</u>
70.21%	67.98%	67.53%	82.25%	81.53%	81.61%

City of Bedford, Ohio
Pledged Revenue Coverage
Revenue Debt - Water Fund
Last Ten Years

Year	Water Service Charges and Interest	Direct Operating Expenses (2)	Net Available Revenue	<u>Debt Service (1)</u> Principal	Coverage
2016	\$4,223,537	\$2,988,410	\$1,235,127	\$42,700	28.93
2015	4,229,352	2,839,417	1,389,935	42,700	32.55
2014	4,358,698	3,479,063	879,635	42,700	20.60
2013	4,827,079	3,580,722	1,246,357	42,700	29.19
2012	4,606,712	2,909,601	1,697,111	31,350	54.13
2011	4,491,419	3,871,249	620,170	20,000	31.01
2010	4,439,060	4,317,927	121,133	20,000	6.06
2009	4,122,298	3,687,421	434,877	10,000	43.49
2008	3,837,269	3,048,014	789,255	0	n/a
2007	3,645,886	3,295,844	350,042	0	n/a

(1) Revenue debt includes OPWC loans payable solely from net revenues in the City of Bedford water enterprise fund.

(2) Direct operating expenses do not include depreciation.

Source: City Financial Records

City of Bedford, Ohio
Pledged Revenue Coverage
Revenue Debt - Wastewater Fund
Last Ten Years

Year	Wastewater Service Charges and Interest	Direct Operating Expenses (2)	Net Available Revenue	Debt Service (1)		Coverage
				Principal	Interest	
2016	\$2,453,706	\$1,678,740	\$774,966	\$181,528	\$45,495	3.41
2015	2,387,746	1,345,631	1,042,115	176,586	50,436	4.59
2014	2,317,870	1,748,783	569,087	175,999	55,189	2.46
2013	2,489,481	1,571,586	917,895	1,003,478	89,638	0.84
2012	2,412,814	1,400,579	1,012,235	960,341	135,242	0.92
2011	2,268,819	1,334,752	934,067	919,357	173,759	0.85
2010	2,210,152	1,437,937	772,215	900,236	236,069	0.68
2009	2,151,622	1,375,304	776,318	837,884	250,222	0.71
2008	2,159,995	1,145,837	1,014,158	797,229	284,358	0.94
2007	2,154,440	1,498,860	655,580	763,203	325,221	0.60

(1) Revenue debt includes OWDA loans and OPWC loans payable solely from net revenues in the City of Bedford wastewater enterprise fund.

(2) Direct operating expenses do not include depreciation.

Source: City Financial Records

City of Bedford, Ohio
Principal Employers
Current Year and Nine Years Ago

2016		
Employer	Employees	Percentage of Total City Employment
University Hospitals Health Systems	1,014	7.58%
Penske Auto Group	554	4.14
Bedford City School District	443	3.31
US Bank National Association	411	3.07
City of Bedford	349	2.61
Ganley Bedford Imports Incorporated	293	2.19
Reserves Network	229	1.71
Jay Pontiac Inc.	209	1.56
Riser Foods Company	192	1.44
Group Management Services	174	1.31
Total	3,868	28.92%
Total Employment within the City	13,373	

2007		
Employer	Employees	Percentage of Total City Employment
Ben Venue Laboratories Incorporated	1,138	7.72%
University Hospital Health Systems	1029	6.98
Labor Ready Mid-Atlantic	847	5.74
Bedford City School District	584	3.96
City of Bedford	361	2.45
Target Division of Dayton Hudson	319	2.16
US Bank Leader Mortgage	271	1.84
Riser Foods Company	249	1.69
River Road Restaurants	172	1.17
Jay Pontiac Inc.	167	1.13
Total	5,137	34.84%
Total City Employees	14,744	

Source: Number of employees obtained from the W2's
from our Tax Department

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City of Bedford, Ohio
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)
2016	13,074	\$314,364,330	\$24,045	\$39,820	40
2015	13,074	303,905,130	23,245	39,820	40
2014	13,074	303,525,984	23,216	40,417	42
2013	13,074	303,499,836	23,214	40,860	42
2012	13,074	302,597,730	23,145	42,474	42
2011	13,074	312,808,524	23,926	42,171	42
2010	13,074	312,808,524	23,926	42,171	42
2009	14,214	285,360,264	20,076	36,943	39
2008	14,214	285,360,264	20,076	36,943	39
2007	14,214	285,360,264	20,076	36,943	39

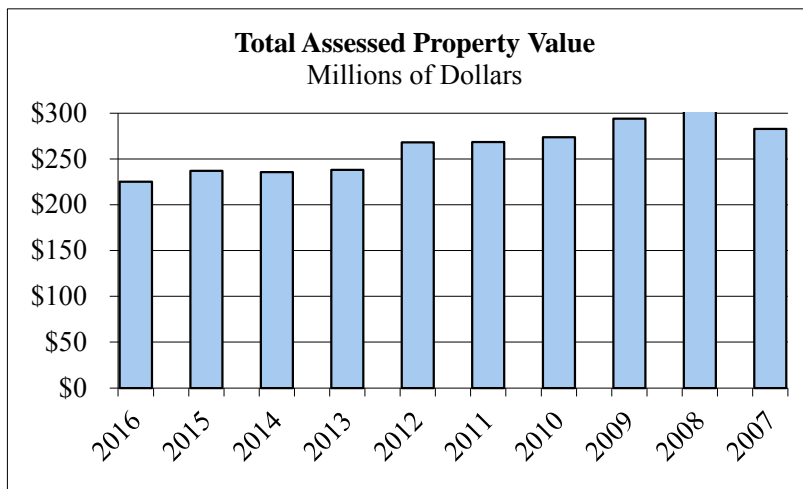
(1) Source: U. S. Census

(2) Source: Ohio Department of Education Website: "<http://www.ode.state.oh.us/data/>"

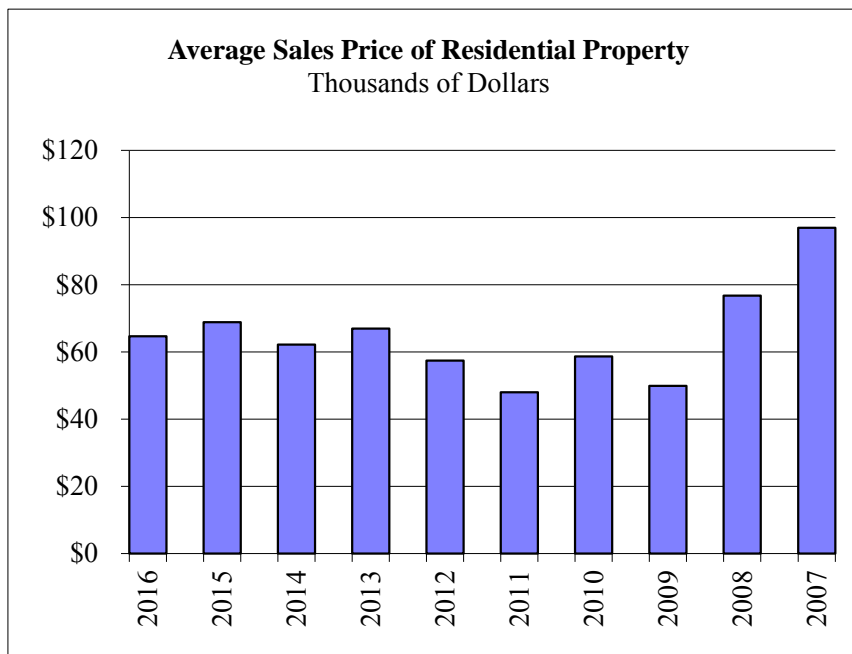
(3) Source: Ohio Department of Job and Family Services. Unemployment rate for City of Bedford unavailable.

(4) Source: Cuyahoga County Fiscal Officer

(5) Computation of per capita personal income multiplied by population



Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	Cuyahoga County Unemployment Rate (3)	Average Sales Price of Residential Property (4)	Total Assessed Property Value (4)
21.3%	3,295	5.3%	\$64,716	\$225,111,170
14.3	3,331	4.0	68,865	237,164,890
13.9	3,437	6.0	62,191	235,730,350
13.5	3,700	7.2	66,945	238,173,220
18.0	3,529	7.3	57,479	268,141,920
18.0	4,011	7.1	48,000	268,445,870
18.2	4,011	8.6	58,663	273,760,880
18.2	4,170	9.0	49,900	293,946,130
18.2	4,108	7.1	76,750	306,869,373
18.2	3,925	6.1	97,000	282,809,736



City of Bedford, Ohio
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Years

Function/Program	2016	2015	2014	2013
General Government				
Council	8.00	8.00	8.00	8.00
Finance	5.00	5.00	5.00	5.00
Tax	3.00	3.00	3.00	3.00
City Manager	1.00	1.00	1.00	1.00
Law	1.50	1.00	1.00	1.00
Administration	2.00	2.50	2.50	2.50
Engineer	0.50	0.50	0.50	0.50
Planning	2.00	2.00	2.00	2.00
Civil Service	2.50	2.50	2.50	2.50
Court	31.00	34.00	32.50	32.50
Public Building	4.00	4.00	4.00	4.00
Security of Persons and Property				
Police	31.00	30.00	30.00	31.00
Police - Auxiliary/Guards	12.00	10.50	13.00	12.50
Police - Dispatchers/Office/Other	5.50	5.50	13.50	12.00
Police - Jailers	3.50	3.50	2.50	2.50
Police - Animal Wardens	1.50	1.50	1.50	1.50
Fire	29.00	29.00	29.00	29.00
Fire - Secretary - Other	1.00	1.00	1.00	1.00
Public Health Services				
Cemetery	1.50	1.50	1.50	1.50
Leisure Time Activities				
Recreation	27.00	29.50	33.50	30.00
Municipal Pool	18.50	17.50	16.00	18.50
Ellenwood Center	5.00	5.00	4.00	4.50
Community Development				
Building	5.00	5.00	4.50	5.50
Economic Development	0.00	1.00	1.00	1.00
Transportation				
Service	19.00	17.50	17.00	19.50
Street Maintenance and Repair	5.50	5.50	5.50	5.50
Basic Utility Services				
Water	8.00	8.00	8.00	8.50
Wastewater	10.50	10.50	10.50	10.50
Totals:	244.00	245.50	254.00	256.50

Source: City of Bedford, Ohio Payroll Department W2 Audit Listing

Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee at year end.

2012	2011	2010	2009	2008	2007
8.00	8.00	8.00	8.00	8.00	8.00
5.00	5.00	5.50	5.50	5.50	5.50
3.50	3.50	3.50	3.00	3.50	3.50
1.00	1.00	1.00	0.00	1.00	1.00
1.50	1.00	1.00	1.50	1.00	1.00
2.50	2.00	3.00	2.50	4.00	4.00
0.50	0.50	0.50	0.50	0.50	0.50
2.00	2.00	2.00	2.00	2.00	1.50
2.50	2.50	2.50	2.50	2.50	2.50
34.00	33.50	33.50	31.50	35.50	36.50
4.00	5.00	5.00	3.50	5.50	5.00
31.00	31.00	32.00	31.00	35.00	33.00
12.50	16.50	14.50	14.50	16.00	16.50
14.00	13.50	14.00	15.00	15.50	15.00
2.50	2.50	2.50	2.50	2.50	2.50
1.50	3.00	2.00	2.00	2.50	1.50
27.00	27.00	26.00	27.00	27.00	30.00
1.00	1.00	1.00	1.00	1.00	1.50
1.50	2.00	2.00	1.00	1.00	1.00
15.00	18.50	17.50	14.50	20.00	19.00
17.00	16.00	16.00	15.50	16.50	17.50
3.50	3.50	3.50	5.50	3.50	5.50
4.50	5.50	5.50	5.50	5.50	5.50
1.00	1.00	1.00	1.00	2.00	2.00
19.50	19.00	17.50	19.50	20.50	20.00
5.50	8.00	8.00	2.00	6.50	6.50
8.50	8.50	8.50	8.50	9.00	8.50
10.50	10.50	10.50	10.00	10.50	10.00
<u>240.50</u>	<u>251.00</u>	<u>247.50</u>	<u>236.50</u>	<u>263.50</u>	<u>264.50</u>

City of Bedford, Ohio
Operating Indicators by Function/Program (1)
Last Ten Years

Function/Program	2016	2015	2014	2013
General Government				
<i>Council & Clerk</i>				
Number of Ordinances Passed	112	117	103	103
Number of Resolutions Passed	9	11	13	9
<i>Finance Department</i>				
Number of checks/ vouchers issued	3,118	3,223	3,238	3,584
Amount of checks written	\$17,510,364	\$19,939,028	\$19,871,636	\$21,519,508
Interest earnings for fiscal year (cash basis)	\$121,598	\$93,411	\$72,883	\$51,348
Number of Receipts issued	2,157	1,978	2,021	2,140
Number of Journal Entries issued	1,397	1,426	1,451	1,394
Number of Budget Adjustments issued	53	92	87	96
Agency Ratings - Standard & Poors	AA-	AA	AA	AA
Agency Ratings - Moody's Financial Services	A1	Aa3	Aa3	Aa2
Health Insurance Costs vs General Fund Expenditures %	23.33%	15.60%	16.41%	17.25%
General Fund Receipts (cash basis in thousands)	\$19,731	\$19,344	\$21,539	\$21,168
General Fund Expenditures (cash basis in thousands)	\$14,615	\$15,483	\$14,988	\$14,998
General Fund Cash Balances (in thousands)	\$6,922	\$7,606	\$9,545	\$8,794
<i>Income Tax Department</i>				
Number of Individual Returns	6,600	6,398	6,372	6,336
Number of Business Returns	2,499	2,360	2,623	2,550
Number of business withholding accounts	1,083	1,000	926	862
Amount of Penalties and Interest Collected	\$143,184	\$140,676	\$131,146	\$128,946
Annual number of Corporate withholding forms processed	5,164	4,880	4,664	4,424
Annual number of balance due statements forms processed	17,305	17,963	18,439	17,467
Annual number of estimated payment forms processed	8,576	8,438	8,990	8,198
Annual number of reconciliations of withholdings processed	6,048	1,162	1,078	1,005
<i>Engineer Contracted Services</i>				
Dollar amount of Construction overseen by Engineer	\$2,041,941	\$1,041,557	\$1,292,838	\$3,128,387
<i>Municipal Court</i>				
Number of Civil Cases	5,948	5,936	6,251	6,318
Number of Criminal cases	12,374	11,259	11,759	11,442
<i>Vital Statistics - Office Closed at end of 2014</i>				
Certificates Filed				
Number of Births	0	0	1	3
Number of Deaths	0	0	163	216
Certificates Issued				
Number of Births	0	0	923	548
Number of Deaths	0	0	714	828
Burial Permits Issued	0	0	528	482
<i>Civil Service</i>				
Number of police entry tests administered	0	1	0	1
Number of fire entry tests administered	0	0	1	0
Number of police promotional tests administered	0	0	0	0
Number of fire promotional tests administered	0	0	0	0
Number of hires of Police Officers from certified lists	0	4	2	0
Number of hires of Fire/Medics from certified lists	0	1	2	3
Number of promotions from police certified lists	0	0	1	3
Number of promotions from fire certified lists	0	0	1	1

2012	2011	2010	2009	2008	2007
109	140	231	276	265	133
13	13	25	17	23	9
3,962	4,029	4,158	4,089	4,377	4,795
\$19,835,510	\$22,586,194	\$22,247,906	\$22,593,479	\$23,125,393	\$24,035,165
\$56,610	\$78,405	\$80,918	\$261,084	\$536,297	\$948,213
2,160	2,088	1,798	1,802	1,677	1,665
1,139	1,078	1,043	1,015	1,166	1,059
108	102	93	88	115	112
AA	AA	AA	AA-	AA-	AA-
Aa2	Aa2	Aa2	A1	A1	A1
17.47%	13.75%	11.33%	12.98%	13.25%	12.49%
\$21,284	\$21,682	\$20,947	\$20,887	\$21,478	\$22,709
\$14,878	\$14,663	\$14,832	\$17,007	\$17,047	\$23,570
\$8,242	\$7,818	\$6,598	\$6,283	\$7,903	\$9,392
6,446	6,474	6,509	6,324	6,760	6,808
2,365	2,739	2,689	2,784	2,877	2,650
880	872	1,015	1,249	1,230	1,610
\$102,127	\$114,277	\$158,390	\$134,751	\$134,751	\$135,901
4,560	4,568	6,598	7,332	7,296	9,088
15,287	13,272	13,754	16,407	15,509	13,486
7,785	7,610	8,622	9,835	11,530	12,007
1,013	1,011	1,154	1,026	1,296	1,625
\$1,721,452	\$1,969,866	\$2,302,984	\$377,787	\$1,453,306	\$1,981,083
6,155	6,225	4,558	4,664	5,770	5,267
10,923	9,610	9,869	10,675	11,400	10,732
1	2	4	1	1	2
217	228	242	233	266	232
340	347	535	685	859	1,055
886	1,044	1,112	1,104	1,385	960
609	757	668	646	698	606
0	1	0	0	0	1
0	0	1	0	0	0
1	0	1	0	0	2
1	0	0	0	0	1
2	2	0	0	2	0
1	0	0	0	0	0
1	1	0	1	3	0
0	0	0	0	1	0

(continued)

City of Bedford, Ohio
Operating Indicators by Function/Program (continued) (1)
Last Ten Years

Function/Program	2016	2015	2014	2013
<i>Building Department Indicators</i>				
Construction Permits Issued	124	129	116	121
Estimated Value of Construction	\$6,978,300	\$1,342,297	\$4,112,496	\$12,323,104
Number of all permits issued	844	943	820	806
Amount of Revenue generated from permits	\$72,427	\$63,308	\$62,586	\$76,997
Number of contract registrations issued	531	506	470	484
Number of rental inspections performed	465	495	533	480
Number of point of sale inspections	98	284	275	286
Annual Apartment/Rooming House License Fees	\$38,225	\$37,535	\$37,990	\$39,010
Revenue generated from inspections	\$140,655	\$70,477	\$66,052	\$80,699
Security of Persons & Property				
<i>Police</i>				
Total Calls for Services	17,418	16,338	16,088	19,210
Number of traffic citations issued	1,970	1,454	1,293	1,139
Number of parking citations issued	1,169	863	658	759
Number of criminal arrests	1,584	1,665	1,665	1,957
Number of accident reports completed	319	335	248	243
Part 1 Offenses (major offenses)	341	569	520	572
Animal Warden service calls responded to per annual report	932	834	1,058	1,149
Police Dept. Auxiliary hours worked	3,015	2,387	2,504	2,617
Prisoner meal costs	\$25,654	\$17,179	\$15,420	\$23,363
Juvenile Arrests	76	91	162	156
Motor Vehicle Accidents	319	343	324	307
Property damage accidents	75	132	153	208
Fatalities from Motor Vehicle Accidents	0	0	0	4
Gasoline costs of fleet	\$63,642	\$67,829	\$72,754	\$77,037
Community Diversion Program Youths	21	3	15	19
Community Diversion Program - community service hours	280	72	260	352
<i>Fire</i>				
EMS Calls	1,944	1,980	1,893	1,802
Ambulance Billing Collections (net)	\$423,967	\$432,015	\$414,024	\$418,560
Fire Calls	521	505	516	515
Fires with Loss	21	13	16	15
Fires with Losses exceeding \$25K	6	2	7	5
Fire Losses \$	\$529,500	\$258,050	\$429,100	\$293,450
Fire Safety Inspections	306	313	322	333
Number of times Mutual Aid given to Fire and EMS	85	109	111	114
Number of times Mutual Aid received for Fire and EMS	60	99	73	103
Public Health & Welfare				
Cemetery burials	29	34	39	43
Cemetery cremations	14	14	20	20
Cemetery sale of lots	31	22	38	26
Cemetery receipts	\$34,345	\$37,275	\$55,465	\$48,362

2012	2011	2010	2009	2008	2007
116	132	129	145	129	127
\$4,872,989	\$2,608,998	\$20,457,039	\$1,438,179	\$6,321,592	\$27,740,947
768	820	806	759	848	905
\$47,651	\$47,116	\$60,187	\$29,842	\$77,938	\$162,079
475	463	471	495	450	517
549	590	564	475	451	442
227	221	228	227	253	304
\$38,200	\$36,190	\$37,830	\$38,900	\$36,040	\$37,780
\$88,175	\$80,795	\$82,905	\$83,120	\$87,985	\$85,780
22,943	22,236	22,378	23,467	24,866	22,454
1,421	1,329	1,887	2,233	2,505	2,568
1,027	942	1,493	1,447	1,438	1,280
2,622	2,233	1,978	2,367	2,284	1,718
254	309	307	336	470	553
614	703	571	669	600	657
1,473	1,549	1,469	1,532	1,542	1,535
2,798	3,566	3,303	4,315	3,529	3,439
\$25,729	\$17,798	\$16,013	\$30,929	\$28,509	\$20,517
195	188	289	349	455	340
254	308	302	323	459	541
7	5	18	30	36	430
0	1	1	0	2	1
\$77,141	\$72,985	\$46,347	\$55,521	\$86,900	\$67,244
25	24	38	64	49	45
364	348	408	548	516	648
1,865	1,849	1,776	1,673	1,954	1,704
\$436,301	\$459,828	\$359,515	\$400,528	\$429,346	\$354,920
490	716	917	583	502	526
13	16	14	13	28	44
2	0	1	6	2	6
\$227,150	\$181,800	\$112,650	\$299,000	\$160,170	\$427,900
332	363	369	392	393	398
89	78	70	105	111	166
118	127	123	89	13	42
29	33	37	289	23	39
24	13	9	17	13	9
34	121	20	45	40	36
\$41,320	\$75,588	\$32,865	\$45,120	\$39,230	\$43,705

(continued)

City of Bedford, Ohio
Operating Indicators by Function/Program (continued) (1)
Last Ten Years

Function/Program	2016	2015	2014	2013
Leisure Time Activities				
<i>Recreation</i>				
Recreation Swimming pool receipts	\$39,594	\$31,087	\$34,139	\$32,364
Recreation Mens & Womens Leagues receipts	40,138	35,528	32,968	39,766
Senior Van Fees	2,558	2,505	2,239	2,577
Playground Registration	21,345	23,880	34,650	24,900
Ellenwood Facilities rentals	40,684	37,641	34,068	27,110
	<u>\$144,319</u>	<u>\$130,641</u>	<u>\$138,064</u>	<u>\$126,717</u>
Community Development				
Grant amounts received due to Economic Development Dept.	\$175,110	\$14,730	\$27,408	\$232,062
Basic Utility Services				
Refuse disposal per year (in tons) August through July	5,001	4,675	4,602	4,368
Refuse disposal costs per year August through July	\$683,197	\$712,512	\$707,790	\$700,186
Cost per household per month	\$12	\$12	\$12	\$12
Annual recycling tonnage (excluding leaf, and compost items)	892	349	346	338
Percentage of waste recycled	15.14%	6.95%	6.99%	7.21%
Transportation				
Street Improvements - asphalt overlay (linear feet)	0	0	0	26,050
Rejuvenating Spray on Streets (Miles)	0.00	0.00	0.00	0.00
Crackseal Coating Program (Miles)	7.20	7.20	7.20	7.20
Street Repair (Curbs, aprons, berms, asphalt) (hours)	4,403	4,825	3,800	4,094
Guardrail Repair (hours)	8	28	48	48
Paint Striping (hours)	815	812	637	1,164
Street Sweeper (hours)	434	323	396	381
Cold Patch (hours)	1,354	1,659	1,408	1,644
Snow & Ice Removal regular hours	688	1,148	1,166	874
Snow & Ice Removal overtime hours	825	922	1,112	1,088
Sewer and Sanitary calls for service	484	568	768	909
After hours Sewer Calls (hours)	28	28	56	209
Sewer Crew (hours)	1,112	1,312	1,759	2,227
Sewer jet, Vac-all, other services (hours)	3,828	278	202	2,308
Landscaping Stump-Chipper service (hours)	3,906	3,544	3,731	3,647
Leaf collection (hours)	1,882	1,755	2,108	2,148
Holiday lights setup (hours)	1,597	1,685	1,630	1,115
Downtown Square Repair after events (hours)	735	580	996	1,516
Equipment repair/body shop (hours)	6,009	5,077	5,568	5,595
Sign department (hours)	1,269	946	2,135	2,603
Number of Trees Planted per year	60-80	60-80	60-80	60-80
Tons of snow melting salt purchased (Nov-Mar)	4,061	4,233	5,027	4,232
Cost of salt purchased	\$218,501	\$219,199	\$120,101	\$155,263
Tons of road traction ice grits purchased	0	0	0	0
Cost of ice grits purchased	\$0	\$0	\$0	\$0
Water Department				
Water Rates per 1st 300 Cu ft of water used	\$28	\$28	\$27	\$25
Avg. number of water accounts billed monthly (Cu. Ft.)	4,989	4,998	5,006	5,004
Total Water Collections Annually (Including P&I)	\$4,129,600	\$4,195,268	\$4,366,295	\$4,384,856
Payments to Cleveland for bulk water purchases	\$2,256,791	\$2,211,920	\$2,699,458	\$2,665,054
Wastewater Department				
Wastewater Rates per 1st 300 Cu ft of water used	\$21.00	\$20.00	\$20.00	\$17.00
Total flow of wastewater treatment plant (Billions of Gallons)	0.733	0.726	0.827	0.824
Average daily flow (Millions of gallons per day)	2.002	1.988	2.267	2.258
Tons of dry sludge removed	375.00	196.30	272.63	230.40

(1) Information compiled from the various City of Bedford Departments.

2012	2011	2010	2009	2008	2007
\$39,798	\$40,704	\$40,128	\$35,152	\$39,378	\$37,950
41,511	40,960	41,249	45,542	31,948	21,666
2,536	2,766	2,804	2,793	2,268	2,175
18,910	15,325	21,027	19,930	20,509	23,410
26,006	25,418	26,504	24,278	19,857	18,723
<u>\$128,761</u>	<u>\$125,173</u>	<u>\$131,712</u>	<u>\$127,695</u>	<u>\$113,960</u>	<u>\$103,924</u>
\$106,145	\$586,562	\$664,367	\$11,913	\$461,066	\$457,011
4,622	4,667	4,717	4,769	5,200	5,308
\$696,183	\$669,194	\$715,970	\$723,149	\$719,902	\$509,870
\$12	\$12	\$13	\$13	\$13	\$9
341	388	347	379	439	440
6.87%	7.68%	6.85%	7.36%	7.79%	7.65%
0	9,650	36,900	0	5,200	0
0.00	0.00	0.00	0.00	0.00	0.00
7.20	7.20	7.20	70.20	7.20	7.20
4,323	3,832	3,410	4,049	4,180	3,577
48	48	48	48	48	48
1,275	808	680	1,013	876	960
511	448	808	702	831	754
1,300	1,800	1,392	2,729	1,868	1,248
413	946	1,558	760	730	630
929	987	1,864	855	1,598	1,125
899	974	894	956	834	845
296	371	331	416	1,506	1,636
2,179	2,168	2,494	3,718	3,747	3,632
2,638	3,249	2,423	1,993	2,209	1,573
5,154	5,406	4,947	4,190	6,003	5,320
2,024	2,083	2,313	2,424	2,243	2,670
1,407	1,644	1,636	1,444	1,352	1,449
42	69	60	340	340	340
5,383	5,734	6,391	6,945	6,842	5,591
2,530	789	856	456	1,502	1,559
60-80	60-80	60-80	60-80	60-80	60-80
3,439	5,838	5,821	5,793	1,510	6,885
\$126,869	\$261,845	\$261,002	\$252,186	\$128,362	\$269,153
0	0	0	0	1,316	0
\$0	\$0	\$0	\$0	\$21,842	\$0
\$25	\$24	\$23	\$21	\$19	\$17
5,004	5,005	5,003	5,008	4,999	5,004
\$4,643,270	\$4,021,989	\$4,341,474	\$3,954,828	\$3,532,663	\$3,445,995
\$2,497,967	\$2,810,055	\$3,447,605	\$2,868,742	\$2,637,600	\$2,506,466
\$17.00	\$15.00	\$15.00	\$14.00	\$14.00	\$13.18
0.816	0.975	0.868	0.879	0.966	0.949
2.231	2.910	2.379	2.407	2.638	2.601
258.56	251.70	250.40	242.73	228.14	233.04

City of Bedford, Ohio
Capital Assets Statistics by Function/Program
Last Ten Years

Function/Program	2016	2015	2014	2013	2012
General Government					
Square Footage Occupied	44,035	44,035	44,035	44,035	44,035
Administrative Vehicles	2	2	2	2	2
Inspection Vehicles	3	3	3	3	3
Municipal Court Vehicles	2	2	2	2	2
Lands & Buildings Vehicles	2	2	2	2	2
Police					
Stations	1	1	1	1	1
Square Footage of Building	21,667	21,667	21,667	21,667	21,667
Vehicles	22	22	22	22	22
Fire					
Stations	1	1	1	1	1
Square Footage of Building	14,774	14,774	14,774	14,774	14,774
Vehicles	12	12	12	12	12
Recreation					
Number of Parks	4	4	4	4	4
Number of Pools	1	1	1	1	1
Number of Skateboarding Areas	1	1	1	1	1
Number of Baseball Diamonds	7	7	7	7	7
Number of Tot Lots	4	4	4	4	4
Number of Soccer Fields	1	1	1	1	1
Square Footage of Ellenwood Building	25,433	25,433	25,433	25,433	25,433
Vehicles	13	13	14	14	13
Other Public Works					
Streets (miles)	48	48	48	48	48
Service Vehicles	56	55	58	58	58
Wastewater					
Sanitary Sewers (miles)	41.80	41.80	41.80	41.80	41.80
Storm Sewers (miles)	48.70	48.70	48.70	48.70	48.70
Vehicles	5	5	5	5	7
Water Department					
Water Lines (miles)	100	100	100	100	100
Vehicles	8	8	7	7	7

Source: City of Bedford

2011	2010	2009	2008	2007
44,035	44,035	44,035	44,035	44,035
2	2	2	3	2
2	3	3	3	3
2	1	1	2	2
2	2	2	2	2
1	1	1	1	1
21,667	21,667	21,667	21,667	21,667
22	22	22	23	22
1	1	1	1	1
14,774	14,774	14,774	14,774	14,774
12	13	12	12	10
4	4	4	4	4
1	1	1	1	1
1	1	1	1	1
7	7	7	7	7
4	4	4	4	4
1	1	1	1	1
25,433	25,433	25,433	25,433	25,433
13	13	13	15	14
48	48	48	48	48
60	60	57	58	55
41.80	41.80	41.80	41.80	41.80
48.70	48.70	48.70	48.70	48.70
6	6	7	7	6
100	100	100	100	100
7	7	8	7	4

City of Bedford, Ohio
Major Assets and Current Appraised Replacement Costs
Last Ten Years

Function/Program	2016	2015	2014	2013	2012
General Government					
Municipal Complex					
City Hall Building	\$3,258,962	\$3,231,180	\$3,150,774	\$3,054,068	\$2,955,970
City Hall Miscellaneous Equipment	703,535	675,456	707,310	867,386	831,178
Garage	44,393	44,033	43,576	40,737	39,200
Radio Building	14,012	13,888	13,750	12,878	12,486
Radio Tower	44,329	44,056	43,745	42,484	41,271
Police					
Municipal Complex					
Justice Center Building	15,151,136	15,019,269	14,857,685	14,437,761	13,998,601
Justice Center Miscellaneous Equipment	2,342,847	2,238,977	2,141,855	2,219,559	2,171,894
Fire					
Municipal Complex					
Station Building	3,474,564	3,444,996	3,410,159	3,267,282	3,169,384
Station Miscellaneous Equipment	797,187	779,652	743,675	1,118,003	1,066,317
<i>Total Municipal Complex</i>	<u>\$25,830,965</u>	<u>\$25,491,507</u>	<u>\$25,112,529</u>	<u>\$25,060,158</u>	<u>\$24,286,301</u>
Recreation					
Ellenwood Rec Center					
Building	\$4,890,182	\$4,845,929	\$4,772,769	\$4,594,985	\$4,456,186
Municipal Pool					
Bathhouse Building	309,428	274,396	271,654	293,738	285,506
Swimming Pool	1,136,473	1,123,330	1,111,548	1,056,348	1,027,574
Other Public Works					
Service					
Garage - Solon Road	1,752,998	1,737,550	1,720,335	1,919,343	1,864,429
Garage - Salt Storage	97,649	96,788	95,829	89,426	86,053
Administration Building	1,178,809	1,168,533	1,156,881	467,808	450,161
Cemetery					
Storage Building	174,757	173,215	171,500	162,216	156,143

2011	2010	2009	2008	2007	Year Asset Completed, Constructed or Received	Construction Costs	Replacement Factor Increase
\$2,893,238	\$2,790,117	\$2,765,189	\$2,629,059	\$2,571,532	2003	\$2,030,818	60.48 %
807,330	770,765	771,779	741,201	706,017	Various	561,893	25.21
38,655	37,026	36,674	35,605	35,114	2003	27,419	61.91
12,254	11,810	11,701	11,125	10,890	1997	7,317	91.50
40,490	39,549	39,348	36,119	35,060	2003	27,378	61.91
13,720,291	13,232,422	13,089,869	12,445,472	12,172,350	2003	9,573,704	58.26
2,118,607	2,052,055	2,018,069	1,874,287	1,793,900	Various	1,245,745	88.07
3,095,396	2,985,454	2,958,158	2,812,538	2,750,580	2003	2,162,658	60.66
938,759	843,619	816,287	714,104	618,296	Various	502,303	58.71
<u>\$23,665,020</u>	<u>\$22,762,817</u>	<u>\$22,507,074</u>	<u>\$21,299,510</u>	<u>\$20,693,739</u>		<u>\$16,139,235</u>	60.05
\$4,371,021	\$4,214,709	\$4,176,817	\$3,971,176	\$3,880,354	1964, 1984, 1998	\$780,688	526.39
275,905	266,485	264,044	242,512	217,214	1969	58,986	424.58
1,001,340	968,039	960,261	894,439	477,207	1969, 1993	817,542	39.01
1,825,956	1,756,094	1,690,926	1,573,218	1,491,010	1953, 1972, 1979	545,316	221.46
84,856	81,280	80,507	78,162	77,083	1992	45,585	114.21
443,286	414,777	410,833	n/a	n/a	2009	389,322	202.79
153,928	147,480	146,091	141,804	139,802	1985	67,414	159.23

(continued)

City of Bedford, Ohio
Major Assets and Current Appraised Replacement Costs (continued)
Last Ten Years

Function/Program	2016	2015	2014	2013	2012
Wastewater					
Sewage Treatment Plant					
Administration Building	\$181,712	\$180,108	\$178,325	\$166,135	\$161,077
Administration Miscellaneous Equipment	190,374	190,183	187,300	906,593	892,105
Laboratory Building	333,625	331,096	327,538	315,445	306,889
Laboratory Miscellaneous Equipment	180,206	180,027	172,405	157,498	147,919
Filter Building	290,042	287,483	284,637	269,177	260,982
Filter Miscellaneous Equipment	576,151	485,844	478,475	488,972	483,221
Primary Settling Tanks	835,178	825,521	816,862	782,419	761,108
Primary Settling Tanks - Miscellaneous Equipment	604,768	604,163	595,000	610,086	602,912
Oxidation Tower East Building	646,665	639,186	632,483	602,200	585,797
Oxidation Tower East - Miscellaneous Equipment	1,013,366	1,012,354	997,000	1,017,716	1,005,748
Oxidation Tower West Building	646,665	639,186	632,483	602,200	585,797
Oxidation Tower West - Miscellaneous Equipment	1,013,366	1,012,354	997,000	1,017,716	1,005,748
Equalization Basin Building	1,718,297	1,698,425	1,680,610	1,605,203	1,561,482
Rapid Sand Filter Building	829,576	819,982	811,383	685,650	664,775
Rapid Sand Filter - Miscellaneous Equipment	1,231,592	1,230,364	1,211,740	1,176,005	1,162,203
Final Settling Tank #2 Building	428,681	423,723	419,279	401,242	390,313
Final Settling Tank #2 - Miscellaneous Equipment	249,022	248,773	245,000	151,979	150,192
* Total Buildings	37,438,133	37,061,873	36,603,805	34,868,745	33,821,184
** Total Miscellaneous Equipment	8,902,414	8,658,147	8,476,760	9,731,513	9,519,437

Source: Industrial Appraisal Company: *Property Inventory & Accounting Cost Record Report - City of Bedford, Ohio*
Industrial Appraisal Company: *Summary Revaluation Report - City of Bedford, Ohio*

- * All unlisted buildings included
- ** All unlisted Miscellaneous equipment included (excludes vehicles)

2011	2010	2009	2008	2007	Year Asset Completed, Constructed or Received	Construction Costs	Replacement Factor Increase
\$158,089	\$152,361	\$150,957	\$143,522	\$140,487	1973	\$30,639	493.07 %
383,650	372,129	371,759	351,360	546,274	Various	479,908	(60.33)
300,058	290,131	287,887	273,737	266,884	1986	130,207	156.23
142,306	139,761	139,626	133,040	127,561	Various	70,769	154.64
256,142	246,860	244,585	232,540	227,623	1973	49,644	484.24
464,323	455,754	455,298	433,123	414,669	Various	238,373	141.70
741,676	717,011	711,251	320,057	297,230	1985	145,706	473.19
579,333	568,642	568,074	540,405	517,382	Various	313,461	92.93
570,842	551,859	547,425	509,897	471,568	1973, 2001	105,767	511.41
966,415	948,582	647,634	901,478	863,071	Various	724,950	39.78
570,842	551,859	547,425	509,897	471,568	1973, 2001	103,842	522.74
966,415	948,582	947,634	901,478	863,071	Various	724,950	39.78
1,521,616	1,471,013	1,459,194	1,113,837	1,034,397	1992, 1993, 1997	1,827,056	(5.95)
652,443	628,800	623,007	592,325	579,801	2001	436,529	90.04
1,116,845	1,096,280	1,091,302	1,028,298	984,591	Various	806,377	52.73
380,349	367,700	364,746	339,740	301,091	1973	68,666	524.30
144,318	141,655	141,513	134,620	128,885	Various	32,682	661.95
33,108,673	31,922,836	31,566,895	28,906,781	27,648,845		19,432,203	92.66
8,628,301	8,337,824	7,968,975	7,753,394	7,563,717		5,701,411	56.14

City of Bedford, Ohio
Vehicle/Transportation Cost Analysis
Last Ten Years

Vehicle/Program	Current Replacement Costs	2015	2014	2013	2012
Police					
Cost Per Patrol Car	\$39,527	\$29,929	\$29,149	\$0	\$0
Fire					
Cost Per Fire Pumper (1)	0	0	0	0	0
Cost Per Ambulance	0	0	0	0	0
Recreation					
Senior Transport Bus/Van	59,057	0	0	0	0
Service					
Mini-Excavator	43,628	0	0	0	0
Cost Per Vac All (2)	0	0	0	0	0
Cost Per Street Sweeper	0	0	0	0	0
Cost Per Salt Truck	125,693	0	0	0	0
Cost Per Water Utility Truck	0	0	0	0	0
Loader	0	0	0	0	0
2500 HD Chevy 4X4 Pick up	26,443	0	0	0	0
John Deer Gator	9,425	0	0	0	0
Dump Truck	0	0	0	0	0
Road Construction					
Ohio Department of Transportation Construction Cost Composite Index (3)	107.3	108.7	105	101	104.3

Sources: City of Bedford Finance Department

Ohio Department of Transportation

(1) Last purchase made in 1996 for \$292,362

(2) Last purchase made in 1991 for \$107,000

(3) Calculated indicator provided by the Ohio Department of Transportation for construction cost trends.

Significant increases due to crude oil, diesel, basic commodity prices for construction materials, energy costs, and raw material production.

2011	2010	2009	2008	2007
\$25,472	\$22,509	\$26,613	\$22,463	\$24,461
0	0	0	0	441,564
210,878	0	0	0	167,192
0	0	0	0	0
0	0	0	0	0
0	0	0	0	275,000
0	0	0	0	115,000
0	0	0	105,622	110,000
0	0	41,021	0	0
125,017	0	0	0	0
23,875	0	0	0	0
0	0	0	0	0
100,527	0	0	0	0
97.4	90.6	88.1	151.9	141.4

City of Bedford, Ohio
Water Utility Statistics
Last Ten Years

	2016	2015	2014	2013
Gallons of Water Purchased from Cleveland	66,547.47	66,345.60	83,279.73	84,388.60
Gallons of Water Sold (Billed) to Users	46,694.88	45,896.38	52,833.56	64,987.49
Percent of Water Billed	70.17%	69.18%	63.44%	77.01%
Water Billings	\$3,711,908	\$4,076,032	\$4,308,043	\$4,763,874
Water Collections	\$4,104,048	\$4,195,268	\$4,366,295	\$4,828,534
Percentage Collected from Billings	110.56%	102.93%	101.35%	101.36%
Payments to City of Cleveland	\$2,222,992	\$2,211,920	\$2,699,458	\$2,665,054
Percentage of payments to the City of Cleveland compared to total water collections	54.17%	52.72%	61.82%	55.19%
Collections over Cost of Water	45.83%	47.28%	38.18%	44.81%

Source: City of Bedford Water Department

2012	2011	2010	2009	2008	2007
79,091.76	98,281.42	110,165.44	96,955.60	95,405.00	95,465.00
64,457.77	61,514.58	64,072.93	62,823.09	65,901.00	69,612.00
81.50%	62.59%	58.16%	64.80%	69.07%	72.92%
\$4,615,802	\$3,949,865	\$4,288,675	\$3,896,479	\$3,632,402	\$3,422,229
\$4,643,270	\$4,381,620	\$4,341,474	\$3,954,828	\$3,532,663	\$3,445,995
100.60%	110.93%	101.23%	101.50%	97.25%	100.69%
\$2,497,967	\$2,810,055	\$3,447,605	\$2,868,742	\$2,637,600	\$2,506,466
53.80%	64.13%	79.41%	72.54%	74.66%	72.74%
46.20%	35.87%	20.59%	27.46%	25.34%	27.26%

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Dave Yost • Auditor of State

CITY OF BEDFORD

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 11, 2017