

**CITY OF STREETSBORO  
PORTAGE COUNTY, OHIO**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2016**

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





# Dave Yost • Auditor of State

Members of City Council  
City of Streetsboro  
9184 State Route 43  
Streetsboro, Ohio 44241

We have reviewed the Independent Auditor's Report of the City of Streetsboro, Portage County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2016 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Streetsboro is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 14, 2017

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**CITY OF STREETSBORO  
PORTAGE COUNTY, OHIO  
AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125*

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**INDEPENDENT AUDITOR'S REPORT**

To the Members of City Council  
City of Streetsboro  
Streetsboro, Ohio

The Honorable Dave Yost  
Auditor of State  
State of Ohio

**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 Streetsboro, Portage 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

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 Streetsboro, Portage County, Ohio, as of December 31, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with 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 that the Management's Discussion and Analysis and Schedules of Net Pension Liabilities and Pension Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2017, on our consideration of the City of Streetsboro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 of Streetsboro's internal control over financial reporting and compliance.



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

May 9, 2017



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

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The discussion and analysis of the City of Streetsboro'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 are encouraged to consider information presented here in conjunction with the additional information contained in the basic financial statements to enhance their understanding of the City's financial performance.

**Financial Highlights**

Financial highlights for 2016 are as follows:

- The City's governmental net position increased in 2016 due mainly to an increase in net capital assets resulting from current year additions outpacing annual depreciation as well as an increase in deferred outflows of resources related to the net pension liability.
- The City issued \$2,615,000 in governmental Various Purpose Refunding Bonds to refund a portion of the 2013 General Obligation Various Purpose Bonds to take advantage of lower interest rates. The City decreased its total debt service payments by \$304,803 as a result of the refunding.
- The City issued \$2,650,000 in business-type Various Purpose Refunding Bonds to refund a portion of the 2013 General Obligation Various Purpose Bonds to take advantage of lower interest rates. The City decreased its total debt service payments by \$374,110 as a result of the refunding.
- During 2016, the City recognized \$115,385 in revenue relating to private capital donations received from Kimble Company for the building of an access road that benefits the company. The earned contributions of \$115,385 from Kimble Company were recorded as a special item which was the final payment.
- Capital asset additions included construction in progress, the purchase of various equipment and vehicles and road/culvert infrastructure improvements.
- Long-term liabilities increased in 2016 due to an increase in the net pension liability.

**Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the readers can understand the City of Streetsboro as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

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

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**Reporting on the City of Streetsboro as a Whole**

*Statement of Net Position and the Statement of Activities*

The Statement of Net Position presents information, excluding fiduciary funds, on all the City of Streetsboro's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two 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 is improving or deteriorating. However, in evaluating the overall position of the City, non-financial factors such as the City's tax base, change in tax laws and the condition of capital assets should also be considered. Both the Statement of Net Position and the Statement of Activities use the accrual basis of accounting that is similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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
- Program Revenues and Expenses
- General Revenues
- Net Position Beginning of Year and Year's End

In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities:

- ◆ Governmental activities - Most of the City's programs and services are reported here including police, fire and rescue, street maintenance, capital improvements and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including Federal and State grants and other shared revenues.
- ◆ Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's water operations are reported here.

**Reporting on the Most Significant Funds of the City of Streetsboro**

***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, 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 can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the general fund and the general capital improvements capital projects fund.

**City of Streetsboro**  
*Management's Discussion and Analysis*  
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*Unaudited*

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**Governmental Funds** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable 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 the 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.

The City maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

**Proprietary Funds** The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City's major enterprise fund is the water fund.

**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 fund is an agency fund.

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

### **The City of Streetsboro as a Whole**

The Statement of Net Position provides an overall view of the City. Table 1 shows a summary of the City's net position for 2016 as they compare to 2015.

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

(Table 1)						
<i>Net Position</i>						
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Assets</b>						
Current and Other Assets	\$16,290,695	\$14,870,315	\$4,146,414	\$3,226,064	\$20,437,109	\$18,096,379
Capital Assets, Net	22,495,776	20,829,103	10,823,085	11,267,276	33,318,861	32,096,379
<i>Total Assets</i>	<u>38,786,471</u>	<u>35,699,418</u>	<u>14,969,499</u>	<u>14,493,340</u>	<u>53,755,970</u>	<u>50,192,758</u>
<b>Deferred Outflows of Resources</b>						
Deferred Charge on Refunding Pension	237,048	29,151	226,029	0	463,077	29,151
	3,636,502	1,440,878	232,127	75,063	3,868,629	1,515,941
<i>Total Deferred Outflows of Resources</i>	<u>3,873,550</u>	<u>1,470,029</u>	<u>458,156</u>	<u>75,063</u>	<u>4,331,706</u>	<u>1,545,092</u>
<b>Liabilities</b>						
Current Liabilities	1,327,879	1,219,199	204,380	526,467	1,532,259	1,745,666
Long-term Liabilities						
Due within one Year	626,736	774,736	171,532	160,530	798,268	935,266
Due in More than one Year						
Net Pension Liability	13,259,519	10,631,951	601,714	434,405	13,861,233	11,066,356
Other Amounts	5,290,584	5,572,852	3,687,045	3,614,566	8,977,629	9,187,418
<i>Total Liabilities</i>	<u>20,504,718</u>	<u>18,198,738</u>	<u>4,664,671</u>	<u>4,735,968</u>	<u>25,169,389</u>	<u>22,934,706</u>
<b>Deferred Inflows of Resources</b>						
Payments in Lieu of Taxes	100,150	101,738	0	0	100,150	101,738
Property Taxes	1,196,912	1,183,138	0	0	1,196,912	1,183,138
Pension	342,530	43,246	21,800	7,632	364,330	50,878
<i>Total Deferred Inflows of Resources</i>	<u>1,639,592</u>	<u>1,328,122</u>	<u>21,800</u>	<u>7,632</u>	<u>1,661,392</u>	<u>1,335,754</u>
<b>Net Position</b>						
Net Investment in Capital Assets	21,584,762	19,596,071	7,014,105	7,604,961	28,598,867	27,201,032
Restricted for:						
Capital Projects	1,113	1,113	0	0	1,113	1,113
Debt Service	321,585	340,817	0	0	321,585	340,817
Other Purposes	2,450,955	2,171,980	0	0	2,450,955	2,171,980
Unrestricted (Deficit)	(3,842,704)	(4,467,394)	3,727,079	2,219,842	(115,625)	(2,247,552)
<i>Total Net Position</i>	<u>\$20,515,711</u>	<u>\$17,642,587</u>	<u>\$10,741,184</u>	<u>\$9,824,803</u>	<u>\$31,256,895</u>	<u>\$27,467,390</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.

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

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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.

By comparing assets and deferred outflows of resources and liabilities and deferred inflows of resources, one can see the position of the City has increased as evidenced by increases in both governmental and business-type net position. Governmental capital assets increased due to additions to construction in progress, the purchase of various equipment and vehicles and road/culvert infrastructure improvements. Business-type current and other assets increased primarily due to an increase in special assessments receivable due to a new assessment for the City. The increase in governmental current liabilities was due mainly to an increase in accrued wages due to an increase in the days accrued from year end and an increase in vacation benefits payable due to an increase in accrued vacation time. Governmental long-term liabilities increased due to an increase in the net pension liability despite the continued pay-down of long-term debt obligations. Business-type long-term liabilities increased due to an increase in the net pension liability. Management continues to diligently plan expenses, staying carefully within the City's revenues in an effort to maintain excellent levels of service within the constraints of the budget.

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 the current year. Table 2 shows total revenues, expenses and changes in net position for the fiscal years 2016 and 2015.

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

(Table 2)  
*Changes in Net Position*

	Governmental Activities		Business Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Program Revenues</b>						
Charges for Services	\$1,129,406	\$1,017,160	\$3,176,983	\$3,179,071	\$4,306,389	\$4,196,231
Operating Grants and Contributions	905,479	1,287,411	0	0	905,479	1,287,411
Capital Grants, Contributions and Assessments	1,329,497	2,072,581	907,580	400,488	2,237,077	2,473,069
<i>Total Program Revenues</i>	<u>3,364,382</u>	<u>4,377,152</u>	<u>4,084,563</u>	<u>3,579,559</u>	<u>7,448,945</u>	<u>7,956,711</u>
<b>General Revenues</b>						
Property Taxes	1,192,060	1,170,149	0	0	1,192,060	1,170,149
Income Taxes	12,182,646	11,754,177	0	0	12,182,646	11,754,177
Grants and Entitlements	322,754	449,792	0	0	322,754	449,792
Unrestricted Contributions	10,696	0	0	0	10,696	0
Payment in Lieu of Taxes	100,147	101,737	0	0	100,147	101,737
Hotel/Motel Tax	612,166	630,221	0	0	612,166	630,221
Interest	23,460	4,823	7,151	1,248	30,611	6,071
Miscellaneous	430,020	297,773	4,552	16,666	434,572	314,439
<i>Total General Revenues</i>	<u>14,873,949</u>	<u>14,408,672</u>	<u>11,703</u>	<u>17,914</u>	<u>14,885,652</u>	<u>14,426,586</u>
<i>Total Revenues</i>	<u>18,238,331</u>	<u>18,785,824</u>	<u>4,096,266</u>	<u>3,597,473</u>	<u>22,334,597</u>	<u>22,383,297</u>
<b>Program Expenses</b>						
General Government	4,075,714	3,865,070	0	0	4,075,714	3,865,070
Security of Persons and Property	7,118,092	5,889,489	0	0	7,118,092	5,889,489
Public Health Services	24,105	17,909	0	0	24,105	17,909
Transportation	2,303,043	1,945,742	0	0	2,303,043	1,945,742
Community Development	490,913	839,546	0	0	490,913	839,546
Basic Utility Services	928,817	796,412	0	0	928,817	796,412
Leisure Time Activities	602,515	484,223	0	0	602,515	484,223
Interest and Fiscal Charges	58,144	161,545	0	0	58,144	161,545
Water	0	0	3,104,134	3,309,758	3,104,134	3,309,758
<i>Total Program Expenses</i>	<u>15,601,343</u>	<u>13,999,936</u>	<u>3,104,134</u>	<u>3,309,758</u>	<u>18,705,477</u>	<u>17,309,694</u>
Special Item - Capital Donation	115,385	1,384,615	0	0	115,385	1,384,615
Gain on Sale of Capital Assets	45,000	0	0	950	45,000	950
Transfers	75,751	(21,725)	(75,751)	21,725	0	0
<i>Change in Net Position</i>	<u>2,873,124</u>	<u>6,148,778</u>	<u>916,381</u>	<u>310,390</u>	<u>3,789,505</u>	<u>6,459,168</u>
<i>Net Position Beginning of Year</i>	<u>17,642,587</u>	<u>11,493,809</u>	<u>9,824,803</u>	<u>9,514,413</u>	<u>27,467,390</u>	<u>21,008,222</u>
<i>Net Position End of Year</i>	<u>\$20,515,711</u>	<u>\$17,642,587</u>	<u>\$10,741,184</u>	<u>\$9,824,803</u>	<u>\$31,256,895</u>	<u>\$27,467,390</u>

Governmental program revenues decreased in 2016 due mainly to a decrease in capital grants received by the capital improvements fund for various construction projects. The City continues to seek out additional sources of revenue to ensure the stability of the infrastructure is maintained. Governmental charges for services increased due mainly to an increase in charges for services for ambulance services. Governmental operating grants and contributions decreased due to a decrease in grant monies related to CHIP programs. Income tax revenues increased slightly in 2016 due to higher collections. Total program expenses increased due mainly to increases in transportation for road maintenance and security of persons and property relating to pension expenses and the purchase of a new fire truck.

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

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The City's income tax revenue has provided the City the funds to maintain streets, make infrastructure improvements and strengthen safety forces. The City of Streetsboro continues to be very aggressive in collecting delinquent income tax. The City's diversified base of taxpayers provides the City with an income tax base that can sustain the loss of any major tax paying entity and still be able to meet the financial needs of the City.

***Governmental Activities***

Funding for governmental activities is derived from several sources, the largest of which is the City's municipal income tax. The revenue collected from the income tax, less funds necessary to pay the administrative fees for RITA and to cover refunds are receipted into the following funds: 78 percent went to the general fund, 20 percent went to the general capital improvement fund and 2 percent went to the general obligation bond retirement fund.

Community development expenses decreased due to fewer community housing projects being completed in 2016. Transportation expenses increased from 2015 due to a greater amount of infrastructure costs relating to road maintenance programs being expensed.

***Business-Type Activities***

The City operates one business-type activity, the water distribution system. In 2016, this activity generated operating revenues of \$4,089,115. Water operating expenses plus interest and fiscal charges amounted to \$3,104,134 in 2016. There were approximately 4,600 customers as of December 31, 2016. The Water Department bills on a quarterly basis.

***The City's Funds***

Information about the City's governmental funds begins with the balance sheet. The funds are accounted for using the modified accrual method of accounting. The general fund concluded the year with an increase in fund balance due to revenues outpacing expenditures as a result of the City's careful financial planning. The general capital improvement fund had a decrease in fund balance due to a drop in intergovernmental monies received in the current year.

Enterprise funds are handled in the same manner as governmental funds, with the intent to ensure the strength of these funds. If expenses were to exceed revenue and dramatically affect net position, the City has the power to increase revenue through rate increases. The net position in the water fund increased in 2016 due to an increase in operating revenues from the collections of an additional special assessment.

***General Fund Budgeting Highlights***

Budgeting for the operations of the City is done as prescribed by Ohio Revised Code. Essentially the budget is the City's appropriations, which is restricted by the amounts of the anticipated revenues certified by the County Budget Commission in accordance with Ohio Revised Code. In 2016, actual revenues for the general fund were greater than final estimated revenues due in large part to higher income tax and hotel/motel tax revenues collected than expected. The City actively seeks out additional sources of funding to maintain services. Actual expenditures were less than final appropriations due to management's effort to control costs and ensure economic stability going forward.

The original revenue and expenditure budget is designed to be very conservative requiring additional spending requests to be approved by Council throughout the year. During the course of 2016, the City amended its general fund budget numerous times, in response to conservative revenue projections being surpassed.

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

**Capital Assets and Long-term Obligations**

***Capital Assets***

Total capital assets for the governmental activities, net of accumulated depreciation increased over the prior year due to annual depreciation being outpaced by capital asset additions consisting of construction in progress, the purchase of various equipment and vehicles and road/culvert infrastructure improvements.

Total capital assets for the business-type activities, net of accumulated depreciation decreased due to current year depreciation exceeding capital asset additions of various equipment. See Note 7 to the basic financial statements for additional information on capital assets.

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$1,908,840	\$1,908,840	\$547,386	\$547,386	\$2,456,226	\$2,456,226
Construction-in-progress	2,426,041	4,002,171	0	0	2,426,041	4,002,171
Land Improvements	192,190	225,902	0	0	192,190	225,902
Buildings and Improvements	3,490,379	3,630,693	0	0	3,490,379	3,630,693
Furniture and Equipment	857,358	776,669	175,299	147,241	1,032,657	923,910
Vehicles	1,953,278	1,677,976	95,550	131,605	2,048,828	1,809,581
Infrastructure - Streets	11,667,690	8,606,852	10,004,850	10,441,044	21,672,540	19,047,896
<b>Total Capital Assets</b>	<b>\$22,495,776</b>	<b>\$20,829,103</b>	<b>\$10,823,085</b>	<b>\$11,267,276</b>	<b>\$33,318,861</b>	<b>\$32,096,379</b>

***Long-term Obligations***

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General Obligation Bonds	\$4,259,511	\$4,529,806	\$3,405,955	\$3,314,648	\$7,665,466	\$7,844,454
OWDA Loans	0	0	418,261	432,315	418,261	432,315
OPWC Loans	158,417	176,402	0	0	158,417	176,402
Tax Incremental Financing Agreement	1,051,883	1,150,726	0	0	1,051,883	1,150,726
Judgments Payable	0	96,989	0	0	0	96,989
Net Pension Liability	13,259,519	10,631,951	601,714	434,405	13,861,233	11,066,356
Compensated Absences	447,509	393,665	34,361	28,133	481,870	421,798
<b>Total</b>	<b>\$19,176,839</b>	<b>\$16,979,539</b>	<b>\$4,460,291</b>	<b>\$4,209,501</b>	<b>\$23,637,130</b>	<b>\$21,189,040</b>



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

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Long-term obligations are comprised largely of general obligation bonds, a tax incremental agreement, OWDA loans and OPWC loans. The governmental activities bonds will be paid from the bond retirement fund. The business-type activities bonds will be repaid from the water fund. The OWDA loans are being paid from water enterprise fund user service charges. The OPWC loans are being paid with monies from the capital improvements capital projects fund.

In addition, outstanding obligations include judgments payable, net pension liability and compensated absences. Compensated absences will be paid from the following funds: the general fund, the street maintenance and repair special revenue fund and the water enterprise fund. The overall increase in compensated absences was the result of a higher balance of sick and vacation time held by the City's full-time employees.

The City issued the 2016 Various Purpose Refunding Bonds to refund a portion of the 2013 General Obligation Various Purpose Bonds to take advantage of lower interest rates.

The City of Streetsboro's overall legal debt margin was \$53,681,125 on December 31, 2016. For more information about the City's long-term obligations, see Note 10 to the basic financial statements.

**Current Financial Issues**

From a management and administrative perspective, the City is continuing to examine expenditures to reduce where possible and gain efficiencies as well. Departments are continuing to operate at minimal staffing levels in an effort to reduce overall payroll and benefit costs. Like many other municipalities, the City of Streetsboro faces uncertainty concerning Federal and State revenue sources. The Administration is continually reviewing all programs to determine the most efficient use of funds and resources, to maintain the high level of service to the residents.

**Contacting the City of Streetsboro's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jenny Esarey, Finance Director, City of Streetsboro, 9184 State Route 43, Streetsboro, Ohio 44241.

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## Basic Financial Statements

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**City of Streetsboro, Ohio**

*Statement of Net Position*

December 31, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$9,329,386	\$1,862,452	\$11,191,838
Materials and Supplies Inventory	93,048	261	93,309
Prepaid Items	136,145	0	136,145
Accounts Receivable	510,869	843,240	1,354,109
Intergovernmental Receivable	586,968	0	586,968
Income Taxes Receivable	3,600,374	0	3,600,374
Property Taxes Receivable	1,215,162	0	1,215,162
Payments in Lieu of Taxes Receivable	100,150	0	100,150
Special Assessments Receivable	219,253	1,440,461	1,659,714
Loans Receivable	499,340	0	499,340
Nondepreciable Capital Assets	4,334,881	547,386	4,882,267
Depreciable Capital Assets, Net	18,160,895	10,275,699	28,436,594
<i>Total Assets</i>	<u>38,786,471</u>	<u>14,969,499</u>	<u>53,755,970</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	237,048	226,029	463,077
Pension	3,636,502	232,127	3,868,629
<i>Total Deferred Outflows of Resources</i>	<u>3,873,550</u>	<u>458,156</u>	<u>4,331,706</u>
<b>Liabilities</b>			
Accounts Payable	161,402	7,670	169,072
Accrued Wages	302,588	20,448	323,036
Contracts Payable	41,071	0	41,071
Intergovernmental Payable	384,697	130,000	514,697
Accrued Interest Payable	9,459	7,797	17,256
Vacation Benefits Payable	428,662	38,465	467,127
Long-Term Liabilities:			
Due Within One Year	626,736	171,532	798,268
Due In More Than One Year:			
Net Pension Liability (See Note 13)	13,259,519	601,714	13,861,233
Other Amounts	5,290,584	3,687,045	8,977,629
<i>Total Liabilities</i>	<u>20,504,718</u>	<u>4,664,671</u>	<u>25,169,389</u>
<b>Deferred Inflows of Resources</b>			
Payments in Lieu of Taxes	100,150	0	100,150
Property Taxes	1,196,912	0	1,196,912
Pension	342,530	21,800	364,330
<i>Total Deferred Inflows of Resources</i>	<u>1,639,592</u>	<u>21,800</u>	<u>1,661,392</u>
<b>Net Position</b>			
Net Investment in Capital Assets	21,584,762	7,014,105	28,598,867
Restricted for:			
Capital Projects	1,113	0	1,113
Debt Service	321,585	0	321,585
Other Purposes	2,450,955	0	2,450,955
Unrestricted (Deficit)	(3,842,704)	3,727,079	(115,625)
<i>Total Net Position</i>	<u>\$20,515,711</u>	<u>\$10,741,184</u>	<u>\$31,256,895</u>

See accompanying notes to the basic financial statements

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

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants, Contributions and Assessments
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
General Government	\$4,075,714	\$216,846	\$0	\$43
Security of Persons and Property	7,118,092	688,256	27,907	30,000
Public Health Services	24,105	0	0	0
Transportation	2,303,043	0	877,572	1,299,454
Community Development	490,913	24,757	0	0
Basic Utility Services	928,817	40,722	0	0
Leisure Time Activities	602,515	158,825	0	0
Interest and Fiscal Charges	58,144	0	0	0
<i>Total Governmental Activities</i>	15,601,343	1,129,406	905,479	1,329,497
<b>Business-Type Activities:</b>				
Water	3,104,134	3,176,983	0	907,580
<i>Total - Primary Government</i>	<u>\$18,705,477</u>	<u>\$4,306,389</u>	<u>\$905,479</u>	<u>\$2,237,077</u>

**General Revenues**

Property Taxes Levied for:  
General Purposes  
General Obligation Bond Retirement  
Police Pension  
Income Taxes Levied for:  
General Purposes  
General Obligation Bond Retirement  
General Capital Improvements  
Grants and Entitlements not Restricted  
to Specific Programs  
Unrestricted Contributions  
Payment in Lieu of Taxes  
Hotel/Motel Taxes  
Interest  
Other

*Total General Revenues*

Special Item - Capital Donation  
Gain on Sale of Capital Assets  
Transfers

*Total General Revenues, Special Item and Transfers*

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		
Primary Government		
Governmental Activities	Business-Type Activities	Total
(\$3,858,825)	\$0	(\$3,858,825)
(6,371,929)	0	(6,371,929)
(24,105)	0	(24,105)
(126,017)	0	(126,017)
(466,156)	0	(466,156)
(888,095)	0	(888,095)
(443,690)	0	(443,690)
(58,144)	0	(58,144)
(12,236,961)	0	(12,236,961)
0	980,429	980,429
(12,236,961)	980,429	(11,256,532)
781,004	0	781,004
287,737	0	287,737
123,319	0	123,319
9,540,534	0	9,540,534
240,190	0	240,190
2,401,922	0	2,401,922
322,754	0	322,754
10,696	0	10,696
100,147	0	100,147
612,166	0	612,166
23,460	7,151	30,611
430,020	4,552	434,572
14,873,949	11,703	14,885,652
115,385	0	115,385
45,000	0	45,000
75,751	(75,751)	0
15,110,085	(64,048)	15,046,037
2,873,124	916,381	3,789,505
17,642,587	9,824,803	27,467,390
\$20,515,711	\$10,741,184	\$31,256,895

**City of Streetsboro, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2016*

	General	General Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and				
Cash Equivalents	\$5,167,997	\$1,351,213	\$2,807,210	\$9,326,420
Materials and Supplies Inventory	31,347	0	61,701	93,048
Accounts Receivable	210,467	0	300,402	510,869
Intergovernmental Receivable	118,560	0	468,408	586,968
Prepaid Items	136,145	0	0	136,145
Income Taxes Receivable	2,808,293	720,075	72,006	3,600,374
Property Taxes Receivable	796,140	0	419,022	1,215,162
Payments in Lieu of Taxes Receivable	0	0	100,150	100,150
Loans Receivable	0	0	499,340	499,340
Special Assessments Receivable	0	47,623	171,630	219,253
Restricted Assets:				
Equity in Pooled Cash and				
Cash Equivalents	2,966	0	0	2,966
<b>Total Assets</b>	<b>\$9,271,915</b>	<b>\$2,118,911</b>	<b>\$4,899,869</b>	<b>\$16,290,695</b>
<b>Liabilities</b>				
Accounts Payable	\$67,403	\$60,520	\$33,479	\$161,402
Accrued Wages	285,275	0	17,313	302,588
Contracts Payable	1,007	40,064	0	41,071
Intergovernmental Payable	200,093	137,126	47,478	384,697
<b>Total Liabilities</b>	<b>553,778</b>	<b>237,710</b>	<b>98,270</b>	<b>889,758</b>
<b>Deferred Inflows of Resources</b>				
Payments in Lieu of Taxes	0	0	100,150	100,150
Property Taxes	784,183	0	412,729	1,196,912
Unavailable Revenue	1,385,897	339,549	686,824	2,412,270
<b>Total Deferred Inflows of Resources</b>	<b>2,170,080</b>	<b>339,549</b>	<b>1,199,703</b>	<b>3,709,332</b>
<b>Fund Balances</b>				
Nonspendable	170,458	0	61,701	232,159
Restricted	0	0	2,760,861	2,760,861
Committed	24,160	1,541,652	779,334	2,345,146
Assigned	412,118	0	0	412,118
Unassigned	5,941,321	0	0	5,941,321
<b>Total Fund Balances</b>	<b>6,548,057</b>	<b>1,541,652</b>	<b>3,601,896</b>	<b>11,691,605</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$9,271,915</b>	<b>\$2,118,911</b>	<b>\$4,899,869</b>	<b>\$16,290,695</b>

See accompanying notes to the basic financial statements

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

<b>Total Governmental Fund Balances</b>		\$11,691,605
 <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.		22,495,776
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	18,250	
Income Taxes	1,459,632	
Charges for Services	261,773	
Special Assessments	219,253	
Intergovernmental	410,655	
Cable Franchise Fees	42,707	
Total		2,412,270
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(9,459)
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	3,636,502	
Deferred Inflows - Pension	(342,530)	
Net Pension Liability	(13,259,519)	
Total		(9,965,547)
Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore are not reported in the funds.		(428,662)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	(4,259,511)	
OPWC Loans Payable	(158,417)	
Tax Incremental Financing Agreement	(1,051,883)	
Compensated Absences	(447,509)	
Deferred Charge on Refunding	237,048	
Total		(5,680,272)
<i>Net Position of Governmental Activities</i>		<b>\$20,515,711</b>

See accompanying notes to the basic financial statements

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

	General	General Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$780,389	\$0	\$410,732	\$1,191,121
Income Taxes	9,870,008	2,486,404	248,639	12,605,051
Special Assessments	0	5,331	17,401	22,732
Payment In Lieu of Taxes	0	0	100,147	100,147
Hotel/Motel Tax	456,492	0	155,674	612,166
Intergovernmental	286,572	1,299,454	989,480	2,575,506
Interest	18,642	0	4,818	23,460
Fees, Licenses and Permits	164,330	0	20,800	185,130
Fines and Forfeitures	62,158	0	13,264	75,422
Rentals	0	0	27,545	27,545
Charges for Services	192,662	0	392,135	584,797
Contributions and Donations	10,696	0	30,000	40,696
Cable Franchise Fees	164,596	0	0	164,596
Other	255,753	4,118	170,149	430,020
<i>Total Revenues</i>	<u>12,262,298</u>	<u>3,795,307</u>	<u>2,580,784</u>	<u>18,638,389</u>
<b>Expenditures</b>				
Current:				
General Government	3,719,993	0	169,750	3,889,743
Security of Persons and Property	5,806,529	0	161,940	5,968,469
Public Health Services	0	0	20,256	20,256
Leisure Time Activities	367,816	0	115,199	483,015
Community Development	421,939	0	24,540	446,479
Transportation	0	0	731,657	731,657
Basic Utility Services	695,855	0	0	695,855
Capital Outlay	0	3,867,961	210,012	4,077,973
Debt Service:				
Principal Retirement	0	114,974	588,843	703,817
Interest and Fiscal Charges	0	0	128,497	128,497
Bond Issuance Costs	0	0	79,052	79,052
<i>Total Expenditures</i>	<u>11,012,132</u>	<u>3,982,935</u>	<u>2,229,746</u>	<u>17,224,813</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,250,166</u>	<u>(187,628)</u>	<u>351,038</u>	<u>1,413,576</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	0	0	45,000	45,000
General Obligation Refunding Bonds Issued	0	0	2,615,000	2,615,000
Premium on Refunding Bonds Issued	0	0	301,121	301,121
Payment to Refunded Bond Escrow Agent	0	0	(2,837,069)	(2,837,069)
Transfers In	0	0	97,291	97,291
Transfers Out	0	0	(21,540)	(21,540)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>199,803</u>	<u>199,803</u>
<b>Special Item</b>				
Capital Donation - Philipp Parkway Access Road	0	115,385	0	115,385
<i>Net Change in Fund Balances</i>	<u>1,250,166</u>	<u>(72,243)</u>	<u>550,841</u>	<u>1,728,764</u>
<i>Fund Balances Beginning of Year</i>	<u>5,297,891</u>	<u>1,613,895</u>	<u>3,051,055</u>	<u>9,962,841</u>
<i>Fund Balances End of Year</i>	<u>\$6,548,057</u>	<u>\$1,541,652</u>	<u>\$3,601,896</u>	<u>\$11,691,605</u>

See accompanying notes to the basic financial statements



**City of Streetsboro, 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*

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**Net Change in Fund Balances - Total Governmental Funds** \$1,728,764

*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 capital outlay exceeded depreciation in the current period.

Capital Asset Additions	3,155,490	
Current Year Depreciation	(1,488,817)	
Total		1,666,673

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

Delinquent Property Taxes	939	
Income Taxes	(422,405)	
Intergovernmental	(47,819)	
Charges for Services	49,209	
Special Assessments	(22,689)	
Cable Franchise Fees	42,707	
Total		(400,058)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 1,031,088

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (1,762,316)

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

Principal Retirement	703,817	
Payment to Refunded Bond Escrow Agent	2,837,069	
Total		3,540,886

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 on Bonds	3,109	
Amortization of Premium	81,416	
Amortization of Deferred Charge on Refunding	(14,172)	
Total		70,353

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	(53,844)	
Vacation Benefits Payable	(32,301)	
Total		(86,145)

Other financing sources, such as the general obligation refunding bonds issued, in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues in the statement of activities.

General Obligation Refunding Bonds Issued	(2,615,000)	
Bond Premium	(301,121)	
Total		(2,916,121)

*Change in Net Position of Governmental Activities* \$2,873,124

**City of Streetsboro, 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*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$727,284	\$757,000	\$780,389	\$23,389
Income Taxes	8,828,246	9,188,957	9,512,164	323,207
Hotel/Motel Taxes	384,298	400,000	469,501	69,501
Intergovernmental	362,981	377,812	358,727	(19,085)
Interest	1,921	2,000	18,642	16,642
Fees, Licenses and Permits	146,610	152,600	165,680	13,080
Fines and Forfeitures	72,776	75,750	58,086	(17,664)
Charges for Services	180,630	188,010	181,793	(6,217)
Cable Franchise Fees	209,923	218,500	208,679	(9,821)
Other	250,173	260,395	254,884	(5,511)
<i>Total Revenues</i>	<u>11,164,842</u>	<u>11,621,024</u>	<u>12,008,545</u>	<u>387,521</u>
<b>Expenditures</b>				
Current:				
General Government	4,248,382	4,385,855	4,193,754	192,101
Security of Persons and Property	5,771,672	5,952,847	5,791,691	161,156
Leisure Time Activities	364,359	382,815	364,680	18,135
Community Development	456,989	504,715	444,150	60,565
Basic Utility Services	714,373	785,725	708,034	77,691
<i>Total Expenditures</i>	<u>11,555,775</u>	<u>12,011,957</u>	<u>11,502,309</u>	<u>509,648</u>
<i>Net Change in Fund Balance</i>	(390,933)	(390,933)	506,236	897,169
<i>Fund Balance Beginning of Year</i>	3,884,393	3,884,393	3,884,393	0
Prior Year Encumbrances Appropriated	<u>425,827</u>	<u>425,827</u>	<u>425,827</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,919,287</u></u>	<u><u>\$3,919,287</u></u>	<u><u>\$4,816,456</u></u>	<u><u>\$897,169</u></u>

See accompanying notes to the basic financial statements

**City of Streetsboro, Ohio**  
*Statement of Fund Net Position*  
*Enterprise Fund*  
*December 31, 2016*

	Water
<b>Assets</b>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$1,862,452
Materials and Supplies Inventory	261
<i>Receivables:</i>	
Accounts	843,240
Special Assessments	1,440,461
<i>Total Current Assets</i>	4,146,414
<i>Noncurrent Assets:</i>	
<i>Capital Assets:</i>	
Nondepreciable Capital Assets	547,386
Depreciable Capital Assets, Net	10,275,699
<i>Total Noncurrent Assets</i>	10,823,085
<i>Total Assets</i>	14,969,499
<b>Deferred Outflows of Resources</b>	
Deferred Charge on Refunding	226,029
Pension	232,127
<i>Total Deferred Outflows of Resources</i>	458,156
<b>Liabilities</b>	
<i>Current Liabilities:</i>	
Accounts Payable	7,670
Accrued Wages	20,448
Intergovernmental Payable	130,000
Accrued Interest Payable	7,797
Vacation Benefits Payable	38,465
General Obligation Bonds Payable	150,000
OWDA Loans Payable	14,767
Compensated Absences Payable	6,765
<i>Total Current Liabilities</i>	375,912
<i>Long-Term Liabilities (net of current portion):</i>	
General Obligation Bonds Payable	3,255,955
OWDA Loans Payable	403,494
Compensated Absences Payable	27,596
Net Pension Liability	601,714
<i>Total Long-Term Liabilities</i>	4,288,759
<i>Total Liabilities</i>	4,664,671
<b>Deferred Inflows of Resources</b>	
Pension	21,800
<i>Total Deferred Inflows of Resources</i>	21,800
<b>Net Position</b>	
Net Investment in Capital Assets	7,014,105
Unrestricted	3,727,079
<i>Total Net Position</i>	\$10,741,184

See accompanying notes to the basic financial statements

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

	Water
<b>Operating Revenues</b>	
Charges for Services	\$3,176,983
Special Assessments	907,580
Other	4,552
<i>Total Operating Revenues</i>	<i>4,089,115</i>
<b>Operating Expenses</b>	
Personal Services	451,909
Fringe Benefits	274,276
Materials and Supplies	40,763
Contractual Services	1,775,066
Depreciation	515,140
Other	2,189
<i>Total Operating Expenses</i>	<i>3,059,343</i>
<i>Operating Income (Loss)</i>	<i>1,029,772</i>
<b>Non-Operating Revenues (Expenses)</b>	
Interest	7,151
Interest and Fiscal Charges	(44,791)
<i>Total Non-Operating Revenues (Expenses)</i>	<i>(37,640)</i>
<i>Income (Loss) before Transfers</i>	<i>992,132</i>
Transfers In	21,540
Transfers Out	(97,291)
<i>Change in Net Position</i>	<i>916,381</i>
<i>Net Position Beginning of Year</i>	<i>9,824,803</i>
<i>Net Position End of Year</i>	<i>\$10,741,184</i>

See accompanying notes to the basic financial statements

**City of Streetsboro, Ohio**  
*Statement of Cash Flows*  
*Enterprise Fund*  
For the Year Ended December 31, 2016

	Water
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$3,144,808
Special Assessments	99,525
Other Cash Receipts	4,552
Cash Payments to Employees for Services	(687,754)
Cash Payments for Goods and Services	(2,142,929)
Other Cash Payments	(2,189)
<i>Net Cash Provided by (Used for) Operating Activities</i>	416,013
<b>Cash Flows from Noncapital and Related Financing Activities</b>	
Transfers Out	(97,291)
<b>Cash Flows from Capital and Related Financing Activities</b>	
General Obligation Refunding Bonds Issued	2,650,000
Payment to Refunded Bond Escrow Account	(2,863,092)
Premium on Bonds Issued	294,648
Principal Paid on General Obligation Bonds	(145,000)
Interest Paid on General Obligation Bonds	(104,015)
Principal Paid on OWDA Loans	(6,764)
Interest Paid on OWDA Loans	(686)
Payments for Capital Acquisitions	(70,949)
<i>Net Cash Provided by (Used for)</i> <i>Capital and Related Financing Activities</i>	(245,858)
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	7,151
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	80,015
<i>Cash and Cash Equivalents Beginning of Year</i>	1,782,437
<i>Cash and Cash Equivalents End of Year</i>	\$1,862,452

(continued)

**City of Streetsboro, Ohio**  
*Statement of Cash Flows*  
*Enterprise Fund (continued)*  
For the Year Ended December 31, 2016

	Water
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>	
Operating Income (Loss)	\$1,029,772
Adjustments:	
Depreciation	515,140
<i>(Increase) Decrease in Assets:</i>	
Accounts Receivable	(32,175)
Materials and Supplies Inventory	(105)
Special Assessments	(808,055)
(Increase) Decrease in Deferred Outflows - Pension	(157,064)
<i>Increase (Decrease) in Liabilities:</i>	
Accounts Payable	2,988
Contracts Payable	(327,619)
Accrued Wages	2,240
Vacation Benefits Payable	1,126
Compensated Absences Payable	6,228
Intergovernmental Payable	2,060
Net Pension Liability	167,309
Increase (Decrease) in Deferred Inflows - Pension	14,168
<i>Total Adjustments</i>	<i>(613,759)</i>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<i>\$416,013</i>

**Noncash Capital and Related Financing Activities**

During 2016, the Special Assessment bond retirement fund paid \$7,290 in principal and \$14,250 in interest on an Ohio Water Development loan for the water enterprise fund.

See accompanying notes to the basic financial statements

**City of Streetsboro, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Fund*  
*December 31, 2016*

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<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$134,513</u></u>
<b>Liabilities</b>	
Undistributed Monies	<u><u>\$134,513</u></u>

See accompanying notes to the basic financial statements

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

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**Note 1 – Description of the City and Reporting Entity**

The City of Streetsboro (the “City”) was incorporated in 1969 and chartered in 1971, under the laws of the State of Ohio. The City operates under a Mayor-Council form of government. The Mayor is elected for a four-year term and Council members are elected either at large or at the ward level for four year staggered terms.

***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, departments, boards and agencies that are not legally separate from the City. For the City of Streetsboro, this includes the agencies and departments that provide the following services: police and fire fighting forces, a street maintenance department, a park and recreation system, planning and zoning, and a staff to provide the necessary support to these service providers. The operation of each of these activities is directly controlled by City Council through the budgetary process.

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 deficits of, or provide financial support to, 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. The City has no component units.

**Note 2 – Summary of Significant Accounting Policies**

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

***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 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 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



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

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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. 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 Streetsboro and/or the general laws of Ohio.

***General Capital Improvements Fund*** - The capital improvement fund accounts for and reports a portion of the City's income tax receipts and grants committed for the acquisition, construction or improvement of capital assets.

The other governmental funds of the City account for and report 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. The City's only proprietary fund is an enterprise fund.

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

***Water Fund*** - The water fund accounts for and reports revenues generated from the charges for distribution of water to the residential and commercial users located within the City.

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

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***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 fund accounts for and reports deposits in escrow held by the City.

***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 (i.e., revenues) and decreases (i.e., expenses) in total net position.

***Fund Financial Statements*** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet.

The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the enterprise fund is 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 this fund 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 enterprise fund.

***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 and the statement for the proprietary and fiduciary funds are prepared using 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.

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

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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 6). 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, grants and rentals.

***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 in the government-wide statement of net position for deferred charges 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 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 13.

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 payments in lieu of taxes, property taxes, pension and unavailable revenue. Payments in lieu of taxes and property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2016, but which were levied to finance 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, charges for services, cable franchise fees, special assessments and intergovernmental grants. These amounts are deferred and recognized as revenue in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 19. Deferred inflows of resources related to pension are reported on the government – wide statement of net position (See Note 13).

***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.

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

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

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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.

***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".

During 2016, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

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

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share which is the price the investment could be sold at December 31, 2016.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2016 amounted to \$18,642 of which \$4,499 is assigned from other City funds.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents.

***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 at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

***Inventory***

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

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

***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 general fund represent money set aside for unclaimed monies.

***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 \$5,000 with the exception of land as land was included regardless of cost. 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. 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:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	20 years	N/A
Buildings and Improvements	20 - 50 years	N/A
Furniture and Equipment	5 - 20 years	5 - 10 years
Vehicles	8 - 10 years	5 years
Infrastructure - Water Lines	N/A	30 years
Infrastructure - Streets	25 years	N/A

The City's reported infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, and water and sewer lines and includes infrastructure acquired prior to December 31, 1980.

***Compensated Absences***

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

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

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Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee's wage rates at year end, taking into consideration any limits in the City's termination policy. The City records a liability for accumulated unused sick leave for all employees after ten 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. Long-term loans and capital leases are recognized as a liability on the governmental fund financial statements when due.

***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.

***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 binding) of City Council. Those committed amounts cannot be used for any other purpose unless the 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 is 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.

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

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**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 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 policies of the 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 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.

***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 borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for streets, police and fire.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

***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 services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. Revenues and expenses which do not meet these definitions are reported as non-operating.

***Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City and that are either unusual in nature or infrequent in occurrence. During 2016, the City recognized \$115,385 in revenue relating to private donations received from Kimble Company for the building of an access road that benefits the company. The earned contributions of \$115,385 from Kimble Company were recorded as a special item.

***Budgetary Process***

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

**City of Streetsboro, Ohio**  
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*For The Year Ended December 31, 2016*

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appropriate. The appropriation 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 object level for all funds. Budgetary modification may only be made by resolution of the City Council at the legal level of control.

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.

***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 Premium***

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. On the governmental fund statements, bond premiums are receipted 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.

**Note 3 - Budgetary Basis of Accounting**

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

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 as restricted, committed or assigned fund balance (GAAP).



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The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the general fund is as follows:

	<b>General</b>
GAAP Basis	\$1,250,166
Net Adjustment for Revenue Accruals	(253,753)
Net Adjustment for Expenditures Accruals	(135,670)
Encumbrances	(354,507)
Budget Basis	\$506,236

**Note 4 - 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	General Capital Improvements	Other Governmental Funds	Total
<b><i>Nonspendable</i></b>				
Prepays	\$136,145	\$0	\$0	\$136,145
Unclaimed Monies	2,966	0	0	2,966
Inventory	31,347	0	61,701	93,048
<b><i>Total Nonspendable</i></b>	<b>170,458</b>	<b>0</b>	<b>61,701</b>	<b>232,159</b>
<b><i>Restricted for</i></b>				
General Government	0	0	91,681	91,681
Public Safety	0	0	291,324	291,324
Street Maintenance	0	0	702,424	702,424
Community Development	0	0	959,463	959,463
Public Health and Welfare	0	0	95,960	95,960
Debt Service Payments	0	0	618,896	618,896
Capital Improvements	0	0	1,113	1,113
<b><i>Total Restricted</i></b>	<b>0</b>	<b>0</b>	<b>2,760,861</b>	<b>2,760,861</b>
<b><i>Committed to</i></b>				
Capital Improvements	0	1,541,652	659,923	2,201,575
Recreation	0	0	105,415	105,415
Bureau of Workers' Compensation				
Retrospective Claims	12,530	0	0	12,530
Contract Services	2,021	0	0	2,021
Materials and Supplies	9,609	0	0	9,609
Litter Programs	0	0	329	329
Senior Services	0	0	5,302	5,302
City Beautification Programs	0	0	8,365	8,365
<b><i>Total Committed</i></b>	<b>\$24,160</b>	<b>\$1,541,652</b>	<b>\$779,334</b>	<b>\$2,345,146</b>

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Fund Balances	General	General Capital Improvements	Other Governmental Funds	Total
<i>Assigned to</i>				
Purchases on Order:				
Personal Services	\$4,397	\$0	\$0	\$4,397
Contractual Services	122,781	0	0	122,781
Materials and Supplies	152,397	0	0	152,397
2017 Operations	132,543	0	0	132,543
<i>Total Assigned</i>	412,118	0	0	412,118
<i>Unassigned</i>	5,941,321	0	0	5,941,321
<i>Total Fund Balances</i>	\$6,548,057	\$1,541,652	\$3,601,896	\$11,691,605

**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, Government National Mortgage Association, and Student Loan Marketing 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;

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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;
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 25 percent of the interim monies available for investment at any one time if training requirements have been met; and
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 failure of the counterparty, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$5,207,120 of the City's bank balance of \$5,708,870 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 FDIC.

The City has no deposit policy for custodial credit 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.

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**Investments**

As of December 31, 2016, the City had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard and Poor's Rating	Percent of Total Investments
Net Asset Value Per Share:				
Star Ohio	\$5,776,396	Average 51.6 days	AAAm	N/A

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. All of the City's investments are valued using quoted market prices (Level 1 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 two years from the date of purchase if they have a variable interest rate and five years for investments that have a fixed rate 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.

**Credit Risk** Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The City has no 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.

**Note 6 - Receivables**

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

All receivables, except property and income taxes, are expected to be received within one year. Property and income taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant and collected within one year.

**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.

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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 \$2.90 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:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	
Residential/Agricultural	\$265,897,920
Other Real Estate	173,892,670
Tangible Personal Property	
Public Utility	<u>8,691,380</u>
Total Assessed Values	<u><u>\$448,481,970</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor 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 an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

***Income Taxes***

The City levies a 2.0 percent income tax on substantially all income earned within the City. In addition, City residents are required to pay tax on income earned outside of the City. The City allows a credit of one hundred percent for income tax paid to another municipality, not to exceed two percent of taxable income. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the Regional Income Tax Agency (RITA) either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. By City Ordinance, effective January 1, 2016, seventy-eight percent of income tax proceeds were credited to the general fund, twenty percent of income tax proceeds were credited to the capital improvement capital projects fund and two percent were credited to the debt service (bond retirement) fund.

***Payments in Lieu of Taxes***

According to State law, the City has established several tax incremental financing districts within the City under which the City has granted property tax exemptions and agreed to construct certain infrastructure improvements. The property owners have agreed to make payments to the City to help pay the costs of the infrastructure improvements. The amount of those payments generally reflects all or a portion of the

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property taxes which the property owners would have paid if the property had not been declared exempt. The property owners' contractual promise to make these payments in lieu of taxes generally continues until the costs of the improvement have been paid or the agreement expires, whichever occurs first. Future development by these owners or others may result in subsequent agreements to make payments in lieu of taxes and may therefore spread the costs of the improvements to a larger number of property owners.

***Intergovernmental Receivables***

A summary of intergovernmental receivables follows:

	Amounts
<b>Governmental Activities</b>	
Gasoline and Municipal Cents per Gallon	\$293,506
Permissive Tax	134,947
Local Government	80,458
Homestead and Rollback	58,155
Personal Property Tax & Public Utility Reimbursement	19,902
<b>Total</b>	<b>\$586,968</b>

**Note 7 - Capital Assets**

Capital asset activity for the year ended December 31, 2016, was as follows:

	Balance 12/31/2015	Additions	Deductions	Balance 12/31/2016
<b>Business Type Activities:</b>				
<b><i>Capital Assets not being Depreciated:</i></b>				
Land	\$547,386	\$0	\$0	\$547,386
<b><i>Capital Assets being Depreciated:</i></b>				
Furniture and Equipment	724,950	70,949	0	795,899
Vehicles	360,555	0	0	360,555
Infrastructure	16,792,037	0	0	16,792,037
<b>Total Capital Assets being Depreciated</b>	<b>17,877,542</b>	<b>70,949</b>	<b>0</b>	<b>17,948,491</b>
<b><i>Less Accumulated Depreciation:</i></b>				
Furniture and Equipment	(577,709)	(42,891)	0	(620,600)
Vehicles	(228,950)	(36,055)	0	(265,005)
Infrastructure	(6,350,993)	(436,194)	0	(6,787,187)
<b>Total Accumulated Depreciation</b>	<b>(7,157,652)</b>	<b>(515,140)</b>	<b>0</b>	<b>(7,672,792)</b>
<b>Total Capital Assets being Depreciated, Net</b>	<b>10,719,890</b>	<b>(444,191)</b>	<b>0</b>	<b>10,275,699</b>
<b>Business Type Activities Capital Assets, Net</b>	<b>\$11,267,276</b>	<b>(\$444,191)</b>	<b>\$0</b>	<b>\$10,823,085</b>

**City of Streetsboro, Ohio**  
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<b>Governmental Activities</b>	Balance 12/31/2015	Additions	Deductions	Balance 12/31/2016
<b><i>Capital Assets not being Depreciated:</i></b>				
Land	\$1,908,840	\$0	\$0	\$1,908,840
Construction in Progress	4,002,171	1,508,455	(3,084,585)	2,426,041
<b>Total Capital Assets not being Depreciated</b>	<b>5,911,011</b>	<b>1,508,455</b>	<b>(3,084,585)</b>	<b>4,334,881</b>
<b><i>Capital Assets being Depreciated:</i></b>				
Land Improvements	1,149,409	0	0	1,149,409
Buildings and Improvements	6,117,065	0	0	6,117,065
Furniture and Equipment	3,565,001	225,193	0	3,790,194
Vehicles	5,466,156	695,911	(294,349)	5,867,718
Infrastructure	12,449,838	3,810,516	0	16,260,354
<b>Total Capital Assets being Depreciated</b>	<b>28,747,469</b>	<b>4,731,620</b>	<b>(294,349)</b>	<b>33,184,740</b>
<b><i>Less Accumulated Depreciation:</i></b>				
Land Improvements	(923,507)	(33,712)	0	(957,219)
Buildings and Improvements	(2,486,372)	(140,314)	0	(2,626,686)
Furniture and Equipment	(2,788,332)	(144,504)	0	(2,932,836)
Vehicles	(3,788,180)	(420,609)	294,349	(3,914,440)
Infrastructure	(3,842,986)	(749,678)	0	(4,592,664)
<b>Total Accumulated Depreciation</b>	<b>(13,829,377)</b>	<b>(1,488,817) *</b>	<b>294,349</b>	<b>(15,023,845)</b>
<b>Total Capital Assets being Depreciated, Net</b>	<b>14,918,092</b>	<b>3,242,803</b>	<b>0</b>	<b>18,160,895</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$20,829,103</b>	<b>\$4,751,258</b>	<b>(\$3,084,585)</b>	<b>\$22,495,776</b>

\*Depreciation expense was charged to governmental activities as follows:

General Government	\$70,567
Security of Persons and Property	395,835
Public Health Services	3,849
Transportation	727,540
Community Development	25,486
Basic Utility Services	202,886
Leisure Time Activities	62,654
<b>Total Depreciation Expense</b>	<b>\$1,488,817</b>

### **Note 8 - Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. City employees earn vacation and sick leave at varying rates depending on length of service and department policy. Vacation leave benefits are lost at year end if employees do not use these balances during the year unless prior approval has been obtained from the department head and mayor. Accumulated, unused sick leave is paid to a retiring employee or, upon the death of the employee, to the employee's estate, up to a maximum of 960 hours for non-bargaining unit employees and 1,200 hours for all other full-time employees, provided the employee has ten or more years' service with the City prior to the date of retirement or death.

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**Note 9 - Contingencies**

***Litigation***

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

***Grants***

The City received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are 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 adverse effect on the overall financial position of the City at December 31, 2016.

**Note 10 - Long-Term Obligations**

Original issue amounts and interest rates of the City's debt issues are as follows:

Debt Issue	Interest Rate	Original Issue	Year of Maturity
<b>Business-Type Activities:</b>			
2013 Various Purpose General Obligation Bond			
Serial	2.0-4.75%	\$2,970,000	2019
2016 Various Purpose General Obligation Refunding Bonds	2.0-3.25	2,650,000	2032
OWDA - Briar Root Manor Waterline	5.01	482,065	2034
<b>Governmental Activities:</b>			
2010 Limited Tax General Obligation Refunding Bonds	1.50-2.75	2,880,000	2019
2013 Various Purpose General Obligation Bond - Serial	2.0-4.75	3,670,000	2019
2016 Various Purpose General Obligation Refunding Bonds	2.0-3.25	2,615,000	2030
<i>Ohio Public Works Commission Loans</i>			
Aurora Hudson and Wellman	0.00	33,171	2017
Seasons Road	0.00	179,309	2030
Tax Incremental Financing Agreement	0.00	2,204,109	2020

A schedule of changes in bonds and other long-term obligations of the City during 2016 follows:



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	Amount			Amount	
	Outstanding			Outstanding	Amounts
	12/31/2015	Additions	Deletions	12/31/2016	Due In
					One Year
<b>Business-Type Activities:</b>					
2013 Various Purpose General Obligation Bonds					
Serial	\$2,725,000	\$0	(\$2,270,000)	\$455,000	\$150,000
Term	505,000	0	(505,000)	0	0
Premium	84,648	0	(69,412)	15,236	0
2016 Various Purpose General Obligation Refunding Bonds					
Serial	0	2,650,000	0	2,650,000	0
Premium	0	294,648	(8,929)	285,719	0
Total General Obligation Bonds	<u>3,314,648</u>	<u>2,944,648</u>	<u>(2,853,341)</u>	<u>3,405,955</u>	<u>150,000</u>
OWDA Briar Root Manor Waterline	432,315	0	(14,054)	418,261	14,767
Net Pension Liability - OPERS	434,405	167,309	0	601,714	0
Compensated Absences	28,133	7,704	(1,476)	34,361	6,765
<i>Total Business-Type Activities Obligations</i>	<u><u>\$4,209,501</u></u>	<u><u>\$3,119,661</u></u>	<u><u>(\$2,868,871)</u></u>	<u><u>\$4,460,291</u></u>	<u><u>\$171,532</u></u>
<b>Governmental Activities Obligations:</b>					
2010 Limited Tax General Obligation Refunding Bonds					
Serial	\$1,080,000	\$0	(\$310,000)	\$770,000	\$250,000
Premium	5,781	0	(1,476)	4,305	0
2013 Various Purpose General Obligation Bond					
Serial	3,355,000	0	(2,795,000)	560,000	185,000
Premium	89,025	0	(70,815)	18,210	0
2016 Various Purpose General Obligation Refunding Bonds					
Serial	0	2,615,000	0	2,615,000	0
Premium	0	301,121	(9,125)	291,996	0
Total General Obligation Bonds	<u>4,529,806</u>	<u>2,916,121</u>	<u>(3,186,416)</u>	<u>4,259,511</u>	<u>435,000</u>
<i>Ohio Public Works Commission Loans</i>					
Aurora Hudson and Wellman	9,047	0	(6,031)	3,016	3,016
Seasons Road	167,355	0	(11,954)	155,401	11,954
Total Ohio Public Works Commission Loans	<u>176,402</u>	<u>0</u>	<u>(17,985)</u>	<u>158,417</u>	<u>14,970</u>
<i>Other Long-term Obligations</i>					
Net Pension Liability					
OPERS	2,461,630	948,087	0	3,409,717	0
OP&F	8,170,321	1,679,481	0	9,849,802	0
Total Net Pension Liability	<u>10,631,951</u>	<u>2,627,568</u>	<u>0</u>	<u>13,259,519</u>	<u>0</u>
Tax Incremental Financing Agreement	1,150,726	0	(98,843)	1,051,883	100,000
Judgments	96,989	0	(96,989)	0	0
Compensated Absences	393,665	123,606	(69,762)	447,509	76,766
Total Other Long-term Obligations	<u>12,273,331</u>	<u>2,751,174</u>	<u>(265,594)</u>	<u>14,758,911</u>	<u>176,766</u>
<i>Total Governmental Activities Obligations</i>	<u><u>\$16,979,539</u></u>	<u><u>\$5,667,295</u></u>	<u><u>(\$3,469,995)</u></u>	<u><u>\$19,176,839</u></u>	<u><u>\$626,736</u></u>

**City of Streetsboro, Ohio**  
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OWDA loans will be paid from water enterprise fund user service charges. The OPWC loans will be paid with monies from the capital improvements capital projects fund. Compensated absences will be paid from the following funds: the general fund, the street maintenance and repair special revenue fund and the water enterprise fund. There is no repayment schedule for the net pension liability. However, employer pension contributions are made from the following funds: the general fund, the street maintenance and repair special revenue fund and the water enterprise fund. See Note 13 for additional information related to the net pension liability.

On October 12, 2010, the City issued general obligation bonds (2010 Limited Tax General Obligation Refunding Bonds) to advance refund the callable portion of the 1999 various purpose bonds (callable principal \$2,725,000). The issuance proceeds of \$2,792,605 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt.

The refunding issue is comprised of serial bonds, par value \$2,880,000. The bonds bear interest rates ranging from 1.50 percent to 2.75 percent and mature on December 1, 2019. These bonds are general obligation bonds for which the full faith and credit of the City is pledged for repayment.

The reacquisition price exceeded the net carrying amount of the old debt by \$67,605. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt.

During 2013, the City issued \$3,773,188 in governmental General Obligation Various Purpose Bonds. The bonds were issued for the purpose of paying off the Bond Anticipation Note. The bonds will be paid from the bond retirement fund.

During 2013, the City issued \$3,571,499 in business General Obligation Various Purpose Bonds. The bonds were issued for the purpose of building a water tower. The bonds will be repaid from the water fund.

In 2016, the City issued \$2,615,000 in governmental General Obligation Various Purpose Refunding Bonds to refund a portion of 2013 general obligation various purpose bonds. The bonds were issued with interest rates varying from 2 percent to 3.25 percent. The bonds were issued for a fifteen year period with a final maturity at December 1, 2030. The bonds will be retired through the bond retirement fund.

The refunding bonds were sold at a premium of \$301,121. Net proceeds of \$2,837,069 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various bonds. As a result, \$2,615,000 of these bonds is considered defeased and the liability for the refunded portion of these bonds has been removed from the City's financial statements.

The City decreased its total debt service payments by \$304,803 as a result of the advance refunding. The City also incurred an economic gain (difference between the present value of the old and new debt service payments) of \$246,545.

In 2016, the City issued \$2,650,000 in business General Obligation Various Purpose Refunding Bonds to refund a portion of 2013 general obligation various purpose bonds. The bonds were issued with interest rates varying from 2 percent to 3.25 percent. The bonds were issued for a seventeen year period with a final maturity at December 1, 2032. The bonds will be retired through the water enterprise fund.

The refunding bonds were sold at a premium of \$294,648. Net proceeds of \$2,863,092 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various bonds. As a result, \$2,125,000 of these bonds is considered defeased and the liability for the refunded portion of these bonds has been removed from the City's financial statements.

**City of Streetsboro, Ohio**  
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The City decreased its total debt service payments by \$374,110 as a result of the advance refunding. The City also incurred an economic gain (difference between the present value of the old and new debt service payments) of \$295,673.

An analysis of the refunding issue follows:

	2013 General Obligation Various Purpose Bonds	
	Governmental	Business-Type
Outstanding at December 31, 2015	\$3,444,025	\$3,314,648
Amortization of Premium on Refunded Portion	(64,745)	(64,333)
Amount Refunded	(2,615,000)	(2,630,000)
Non-Refunded Portion	764,280	620,315
Amortization of Premium on Non-Refunded Portion	(6,070)	(5,079)
Principal Payment on Non-Refunded Portion	(180,000)	(145,000)
Outstanding at December 31, 2016	\$578,210	\$470,236

The City entered into a tax increment financing agreement (TIF) in 2001 with Streetsboro Crossing Properties, Ltd. for the reimbursement for a portion of public improvement costs. Each year, special assessment collections related to the TIF are used to retire the obligation.

Judgments payable - During the State Route 43 project, the City retained services of an outside consultant. The consultant and the City approved change orders related to the project. However, the Ohio Department of Transportation (ODOT) was not notified of these orders. Since ODOT and the City shared the costs associated with the project, ODOT's position is that it should be reimbursed for the change order of which it was not notified. The agreed balance due to ODOT was \$486,989. ODOT has agreed to a 0 percent interest repayment schedule with the first payment due April 1, 2010 and the final payment due April 1, 2016.

The City's overall legal debt margin was \$53,681,125 at December 31, 2016. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2016, are as follows:

Business-Type Activities:

	OWDA Loans		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2017	\$14,767	\$20,772	\$150,000	\$93,563
2018	15,516	20,023	150,000	90,562
2019	16,303	19,236	155,000	87,563
2020	17,130	18,409	170,000	82,912
2021	18,000	17,540	175,000	79,513
2022 - 2026	104,654	73,041	950,000	323,062
2027 - 2031	134,031	43,664	1,110,000	149,625
2032 - 2034	97,860	8,757	245,000	7,963
Total	\$418,261	\$221,442	\$3,105,000	\$914,763

**City of Streetsboro, Ohio**  
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Governmental Activities:

	Various Purpose		OPWC
	General Obligation Bonds		Loans
	Principal	Interest	Principal
2017	\$435,000	\$113,506	\$14,970
2018	440,000	104,494	11,954
2019	455,000	94,738	11,954
2020	205,000	81,750	11,954
2021	210,000	77,650	11,954
2022 - 2026	1,140,000	298,750	59,770
2027 - 2030	1,060,000	87,263	35,861
Total	\$3,945,000	\$858,151	\$158,417

**Note 11 - Risk Management**

*Property and Liability*

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2016, the City contracted with Love Insurance, Incorporated for various types of insurance as follows:

Type of Coverage	Coverage	Deductible
General liability:		
Each occurrence	\$6,000,000	\$0
Annual aggregate	8,000,000	0
Employer's liability	6,000,000	0
Employee benefits liability:		
Each occurrence	6,000,000	0
Annual aggregate	8,000,000	0
Law enforcement officer's liability:		
Each occurrence	6,000,000	5,000
Annual aggregate	8,000,000	5,000
Public officials liability:		
Each occurrence	6,000,000	25,000
Annual aggregate	8,000,000	25,000
Property (building and contents)	20,210,186	1,000
Equipment Breakdown	Included	1,000/10,000
Inland marine:		
Special property	1,175,645	1,000
Unscheduled equipment	175,000	1,000
Electronic equipment	101,500	1,000
Media and Data	25,375	1,000
Extra Expense	25,000	1,000
Automobile coverage:		
Liability	6,000,000	500

Claims have not exceeded this coverage in any of the past three years and there has been no significant reduction in commercial coverage in any of the past three years.

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
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***Workers' Compensation***

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 12 - Interfund Transfers**

Interfund transfers for the year ended December 31, 2016 consisted of a transfer of \$21,540 from the special assessment bond retirement debt service fund to the water enterprise fund to pay for the water fund's portion of the OWDA loan and a transfer of \$97,291 from the water enterprise fund to the bond retirement fund for the enterprise portion of the 2013 and 2016 bond issues principal and interest payments.

**Note 13 - 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.

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.

**City of Streetsboro, Ohio**  
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***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):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
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
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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.

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

	State and Local
<b>2016 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
 <b>2016 Actual Contribution Rates</b>	
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 \$368,397 for 2016. Of this amount, \$66,047 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](http://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 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 after 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.

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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
<b>2016 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 <b>2016 Actual Contribution Rates</b>		
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 \$717,951 for 2016. Of this amount, \$127,903 is reported as an intergovernmental payable.

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

The net pension liability 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:



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	<u>OPERS</u>	<u>OP&amp;F</u>	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.02315900%	0.15311200%	
Prior Measurement Date	<u>0.02401133%</u>	<u>0.15771550%</u>	
Change in Proportionate Share	<u>-0.00085233%</u>	<u>-0.00460350%</u>	
			<u>Total</u>
Proportionate Share of the Net Pension Liability	\$4,011,431	\$9,849,802	\$13,861,233
Pension Expense	\$531,161	\$1,310,828	\$1,841,989

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&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$1,179,110	\$1,603,171	\$2,782,281
City contributions subsequent to the measurement date	<u>368,397</u>	<u>717,951</u>	<u>1,086,348</u>
Total Deferred Outflows of Resources	<u>\$1,547,507</u>	<u>\$2,321,122</u>	<u>\$3,868,629</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$77,509	\$27,658	\$105,167
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>67,827</u>	<u>191,336</u>	<u>\$259,163</u>
Total Deferred Inflows of Resources	<u>\$145,336</u>	<u>\$218,994</u>	<u>\$364,330</u>

\$1,086,348 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:

Year Ending December 31:	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
2017	\$226,586	\$379,963	\$606,549
2018	245,441	379,963	625,404
2019	294,915	379,963	674,878
2020	266,832	288,160	554,992
2021	0	(36,866)	(36,866)
Thereafter	<u>0</u>	<u>(7,006)</u>	<u>(7,006)</u>
Total	<u>\$1,033,774</u>	<u>\$1,384,177</u>	<u>\$2,417,951</u>

**City of Streetsboro, Ohio**  
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***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 COLA or Ad Hoc COLA:	4.25 to 10.05 percent including wage inflation
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 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.

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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
<b>Total</b>	<b>100.00 %</b>	<b>5.27 %</b>

**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	\$6,391,189	\$4,011,431	\$2,004,180

***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 Streetsboro, 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 Streetsboro, Ohio**  
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Asset Class	Target Allocation	10 Year Expected Real Rate of Return**	10 Year Expected Real Rate of Return**
Cash and Cash Equivalents	- %	0.00 %	0.00 %
Domestic Equity	16.00	4.47	7.80
Non-US Equity	16.00	4.47	8.00
Core Fixed Income *	20.00	1.62	5.35
Global Inflation Protected Securities*	20.00	1.33	4.73
High Yield	15.00	3.39	7.21
Real Estate	12.00	3.93	7.43
Private Markets	8.00	6.98	10.73
Timber	5.00	4.92	7.35
Master Limited Partnerships	8.00	7.03	10.75
<b>Total</b>	<b>120.00 %</b>		

Note: Assumptions are geometric.

\* levered 2x

\*\* Numbers include 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	\$12,990,570	\$9,849,802	\$7,189,263

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

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**Note 14 – 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

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

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Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.

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 \$61,400, \$57,649 and \$62,729, respectively. For 2016, 82.07 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.opf.org](http://www.opf.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.

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

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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 contributions 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).

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 \$735,305, \$679,291 and \$674,703, respectively, of which \$17,354, \$15,901 and \$15,882, respectively, was allocated to the healthcare plan. For 2016, 82.14 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 15 – 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:

<b>Governmental Funds</b>		<b>Proprietary Fund</b>	
General	\$354,507	Water	<u>\$214,446</u>
General Capital Improvements	691,185		
Other Governmental Funds	334,603		
<i>Total Governmental Funds</i>	<u>\$1,380,295</u>		



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

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***Contractual Commitments***

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

ACU-M Radio Interconnect Device	\$9,359
Building Department Evaluation	6,000
Engineering Services - Aurora Hudson Road	1,950
BWC - Claims & Employee Safety & Health Programs	12,530
Repair for Plow Truck	6,128
2016 Pavement Marking Program	28,222
AED's for Use in Police Cruisers	4,160
Salt Shed	93,599
2016 Streetsboro Plaza Drainage Improvement	223,899
2016 Road Program	174,782
Asphalt Prevention Program	8,422
Frost Road Project	72,269
City-Wide Signals Upgrade	98,163
Ambulance	236,348
Water Meters and Remotes	4,000
Total	<u><u>\$979,831</u></u>

Remaining commitment amounts were encumbered at year end.

**Note 16 – Change in Accounting Principle**

For 2016, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 72, “Fair Value Measurement and Application,” 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,” GASB Statement No. 79, “Certain External Investment Pools and Pool Participants,” GASB Statement No. 77, “Tax Abatement Disclosures.” and GASB Statement No. 82, “Pension Issues an Amendment of GASB Statements No. 67, No. 68 and No. 73.”

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes for applying fair value to certain investments and disclosures related to all fair value measurements. These changes were incorporated in the City’s 2016 financial statements; however, there was no effect on beginning net position/fund balance.

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.

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

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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. 77 requires disclosure of information about the nature and magnitude of tax abatements. These changes were incorporated in the City's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The City participates in STAR Ohio which implemented GASB Statement No. 79 for 2016. The City incorporated the corresponding GASB 79 guidance into their 2016 financial statements; however, there was no effect on beginning net position/fund balance.

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 17 – Tax Abatement Disclosures**

As of December 31, 2016, the City of Streetsboro provides tax incentives under three programs, the Enterprise Zone Area (EZA), the Community Reinvestment Area (CRA) and the Economic Incentive Agreement (EIA).

#### ***Real Property Tax Abatements***

Pursuant to Ohio Revised Code Chapter 5709, the City established an Enterprise Zone Area (EZA) in 1989 and amended the map in 1996. In 2016, the City created a Community Reinvestment Area (CRA) for encouraging redevelopment of residential and target retail areas. Both programs include all industrial zoned property in the City. Residential projects within the CRA qualify for a 50 percent real property tax abatement on the additional value of the property after an improvement project or new construction. Commercial projects within the CRA qualify for up to a 50 percent abatement on the new value and industrial projects may qualify for up to 100 percent abatement for a maximum of 15 years. Industrial projects applying for a CRA or EZA incentive are rated on capital investment and job creation to determine the term and percentage of the abatement.

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

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***Refundable Job Creation Tax Credit***

The City of Streetsboro has an Economic Incentive Agreement (EIA) program attached to income tax for companies relocating to vacant buildings within the City. This program is in compliance with Section 718.15 of the Ohio Revised Code and each agreement is reviewed by City Council and requires an ordinance to activate the agreement. The minimum annual payroll to qualify for this incentive is \$1 million. The approved percentage of the income tax collected from the company's employees is returned back to the company from non-tax revenues. Agreements have typically been for a maximum of 37.5 percent per year for a term of 5 years. One agreement was made for a term of 8 years due to an estimated growth in payroll of over 150 percent. This incentive could be offered to a company receiving an EZA or CRA agreement but has not been combined with either of these programs to date.

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)
Enterprise Zone	
- Manufacturing	\$9,781
- Retail	13,053

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

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## Required Supplementary Information

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**City of Streetsboro, 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) \**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's Proportion of the Net Pension Liability	0.02315900%	0.02401133%	0.02401133%
City's Proportionate Share of the Net Pension Liability	\$4,011,431	\$2,896,035	\$2,830,623
City's Covered Payroll	\$2,882,450	\$2,943,767	\$3,201,645
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	139.17%	98.38%	88.41%
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 reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

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

See accountant's compilation report

**City of Streetsboro, 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	0.15311200%	0.15771550%	0.15771550%
City's Proportionate Share of the Net Pension Liability	\$9,849,802	\$8,170,321	\$7,681,240
City's Covered Payroll	\$3,180,149	\$3,184,013	\$3,100,161
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	309.73%	256.60%	247.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.77%	71.71%	73.00%

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

\* Amounts presented for each year were determined as of the City's measurement date, which is the prior year end.

See accountant's compilation report

**City of Streetsboro, Ohio**  
*Required Supplementary Information*  
*Schedule of City 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	\$368,397	\$345,894	\$353,252	\$416,214
Contributions in Relation to the Contractually Required Contribution	<u>(368,397)</u>	<u>(345,894)</u>	<u>(353,252)</u>	<u>(416,214)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$3,069,975	\$2,882,450	\$2,943,767	\$3,201,645
Contributions as a Percentage of Covered Payroll	12.00%	12.00%	12.00%	13.00%

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

See accountant's compilation report



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**City of Streetsboro, Ohio**  
*Required Supplementary Information*  
*Schedule of City 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	\$717,951	\$663,390	\$660,029	\$544,208
Contributions in Relation to the Contractually Required Contribution	<u>(717,951)</u>	<u>(663,390)</u>	<u>(660,029)</u>	<u>(544,208)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$3,470,921	\$3,180,149	\$3,184,013	\$3,100,161
Contributions as a Percentage of Covered Payroll	20.68%	20.86%	20.73%	17.55%
See accountant's compilation report				

2012	2011	2010	2009	2008	2007
\$427,464	\$403,889	\$423,374	\$396,472	\$383,296	\$339,235
(427,464)	(403,889)	(423,374)	(396,472)	(383,296)	(339,235)
\$0	\$0	\$0	\$0	\$0	\$0
\$2,929,747	\$2,761,087	\$2,907,940	\$2,713,316	\$2,650,298	\$2,351,754
14.59%	14.63%	14.56%	14.61%	14.46%	14.42%

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**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125*

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Ohio Society of Certified Public Accountants

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

To the Members of City Council  
City of Streetsboro  
Streetsboro, Ohio

The Honorable Dave Yost  
Auditor of State  
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Streetsboro, Portage 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, and have issued our report thereon dated May 9, 2017.

***Internal Control Over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

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

### ***Purpose of This Report***

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



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

May 9, 2017

**CITY OF STREETSBORO  
PORTAGE COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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The prior audit report, as of December 31, 2015, included no citations or instances of noncompliance. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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# Dave Yost • Auditor of State

**CITY OF STREETSBORO**

**PORTAGE 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  
JUNE 27, 2017**