

**CITY OF STREETSBORO  
PORTAGE COUNTY, OHIO**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2019**

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



OHIO AUDITOR OF STATE  
KEITH FABER



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City Council  
City of Streetsboro  
9184 St. Rt. 43  
Streetsboro, OH 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, 2019 through December 31, 2019. 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.

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Keith Faber  
Auditor of State  
Columbus, Ohio

August 12, 2020

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**CITY OF STREETSBORO  
PORTAGE COUNTY, OHIO  
AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

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*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 Keith Faber  
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, 2019, 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 as of December 31, 2019, 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.

### ***Emphasis of Matter***

As discussed in Note 17 to the basic financial statements, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Also, as discussed in Note 19 to the basic financial statements, during 2019, the financial impact of COVID-19 and ensuing emergency measures will impact subsequent periods of the City, and on April 15, 2020 the City sold \$6,255,000 in Various Purpose Improvement Notes. Our opinion is not modified with respect to these matters.

### ***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 and Postemployment Benefit Liabilities and Pension and Postemployment Benefit 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 June 29, 2020, on our consideration of the City'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's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James G. Zupka, CPA, Inc." The signature is written in a cursive, flowing style.

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

June 29, 2020

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**City of Streetsboro**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2019*  
*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, 2019. 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 2019 are as follows:

- The City's governmental net position increased in 2019 due mainly to an increase in deferred outflows of resources related to the net pension liability coupled with a decrease in liabilities. There was also a decrease in deferred inflows of resources related to the net pension liability. Assets remained relatively consistent with the prior year.
- The City made principal payments of \$455,000 on governmental Various Purpose General Obligation Bonds. The City made principal payments of \$155,000 on business-type Various Purpose General Obligation Bonds.
- Governmental capital asset additions included several ongoing infrastructure projects, the purchase of various equipment and vehicles, various projects at City Park and storm water improvements, among other items. Governmental capital asset deletions included the old City Hall building and several vehicles that were used as trade allowances.
- Business-type capital asset additions included some equipment purchases, a new truck and construction in progress. Business-type capital asset deletions included a piece of equipment.
- Long-term liabilities decreased in 2019 due to a decrease in the net OPEB liability and current year debt payments, which was partially offset by 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*  
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*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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***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. With the implementation of GASB Statement No. 84, the City does not have any fiduciary funds.

***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 2019 as they compare to 2018.

**City of Streetsboro**  
*Management's Discussion and Analysis*  
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	(Table 1)					
	<i>Net Position</i>					
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Assets</b>						
Current and Other Assets	\$18,104,687	\$17,814,788	\$5,952,721	\$5,482,325	\$24,057,408	\$23,297,113
Noncurrent Assets:						
Net Pension Asset	12,963	16,681	2,288	2,944	15,251	19,625
Capital Assets, Net	24,633,162	24,424,663	9,685,786	9,925,688	34,318,948	34,350,351
<i>Total Assets</i>	<u>42,750,812</u>	<u>42,256,132</u>	<u>15,640,795</u>	<u>15,410,957</u>	<u>58,391,607</u>	<u>57,667,089</u>
<b>Deferred Outflows of Resources</b>						
Deferred Charge on Refunding	174,963	195,245	183,648	197,775	358,611	393,020
Pension	5,536,051	2,686,676	282,425	137,948	5,818,476	2,824,624
OPEB	1,209,602	1,077,609	37,359	29,733	1,246,961	1,107,342
<i>Total Deferred Outflows of Resources</i>	<u>6,920,616</u>	<u>3,959,530</u>	<u>503,432</u>	<u>365,456</u>	<u>7,424,048</u>	<u>4,324,986</u>
<b>Liabilities</b>						
Current Liabilities	1,525,517	2,222,782	218,621	215,924	1,744,138	2,438,706
Long-term Liabilities						
Due within one Year	424,287	668,187	189,424	174,919	613,711	843,106
Due in More than one Year						
Net Pension Liability	18,843,321	13,012,366	955,566	551,404	19,798,887	13,563,770
Net OPEB Liability	4,103,835	11,320,197	459,831	386,861	4,563,666	11,707,058
Other Amounts	3,872,508	4,195,166	3,092,453	3,306,557	6,964,961	7,501,723
<i>Total Liabilities</i>	<u>28,769,468</u>	<u>31,418,698</u>	<u>4,915,895</u>	<u>4,635,665</u>	<u>33,685,363</u>	<u>36,054,363</u>
<b>Deferred Inflows of Resources</b>						
Payments in Lieu of Taxes	100,150	100,150	0	0	100,150	100,150
Property Taxes	1,686,875	1,305,996	0	0	1,686,875	1,305,996
Pension	488,426	1,606,287	18,835	136,290	507,261	1,742,577
OPEB	760,225	610,841	6,031	33,022	766,256	643,863
<i>Total Deferred Inflows of Resources</i>	<u>3,035,676</u>	<u>3,623,274</u>	<u>24,866</u>	<u>169,312</u>	<u>3,060,542</u>	<u>3,792,586</u>
<b>Net Position</b>						
Net Investment in Capital Assets	24,503,219	24,033,640	6,601,517	6,482,706	31,104,736	30,516,346
Restricted for:						
Capital Projects	11,516	1,113	0	0	11,516	1,113
Debt Service	256,866	286,600	0	0	256,866	286,600
Other Purposes	2,817,844	2,448,264	0	0	2,817,844	2,448,264
Unrestricted (Deficit)	(9,723,161)	(15,595,927)	4,601,949	4,488,730	(5,121,212)	(11,107,197)
<i>Total Net Position</i>	<u>\$17,866,284</u>	<u>\$11,173,690</u>	<u>\$11,203,466</u>	<u>\$10,971,436</u>	<u>\$29,069,750</u>	<u>\$22,145,126</u>

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2019. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and

**City of Streetsboro**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2019*  
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approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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. Governmental and business-type net position increased. Governmental capital assets increased due to additions including several ongoing infrastructure projects, the purchase of various equipment and vehicles, various projects at City Park and storm water improvements. Business-type current and other assets increased primarily due to an increase in cash and cash equivalents due to increased charges for services revenue due to the collection of additional charges for services. These additional cash collections were due to a prior period billing error. This billing error was corrected at the end of 2018, with the collections occurring in 2019. The decrease in governmental current liabilities was due mainly to a decrease in intergovernmental payables due to a settlement agreement with the School District over their tax sharing agreement from the prior year. This settlement was paid in 2019. This was coupled with a decrease in accounts payable due to a decrease in income tax refunds payable. Governmental long-term liabilities decreased due to a decrease in the net OPEB liability and the continued pay-down of long-term debt obligations, which were partially offset by an increase in the net pension liability. 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 2019 and 2018.

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

(Table 2)  
*Changes in Net Position*

	Governmental Activities		Business Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Program Revenues</b>						
Charges for Services	\$1,230,957	\$1,156,654	\$3,517,976	\$3,706,821	\$4,748,933	\$4,863,475
Operating Grants and Contributions	1,290,227	965,199	0	0	1,290,227	965,199
Capital Grants, Contributions and Assessments	639,321	671,716	2,046	12,118	641,367	683,834
<i>Total Program Revenues</i>	<u>3,160,505</u>	<u>2,793,569</u>	<u>3,520,022</u>	<u>3,718,939</u>	<u>6,680,527</u>	<u>6,512,508</u>
<b>General Revenues</b>						
Property Taxes	1,284,610	1,241,890	0	0	1,284,610	1,241,890
Income Taxes	12,194,300	12,594,161	0	0	12,194,300	12,594,161
Grants and Entitlements	431,706	374,002	0	0	431,706	374,002
Unrestricted Contributions	1,689	105,274	0	0	1,689	105,274
Payment in Lieu of Taxes	96,898	96,424	0	0	96,898	96,424
Hotel/Motel Tax	601,179	586,912	0	0	601,179	586,912
Interest	114,247	91,458	35,455	28,275	149,702	119,733
Miscellaneous	513,879	351,468	15,880	9,390	529,759	360,858
<i>Total General Revenues</i>	<u>15,238,508</u>	<u>15,441,589</u>	<u>51,335</u>	<u>37,665</u>	<u>15,289,843</u>	<u>15,479,254</u>
<i>Total Revenues</i>	<u>18,399,013</u>	<u>18,235,158</u>	<u>3,571,357</u>	<u>3,756,604</u>	<u>21,970,370</u>	<u>21,991,762</u>
<b>Program Expenses</b>						
General Government	5,099,208	4,990,065	0	0	5,099,208	4,990,065
Security of Persons and Property	905,831	7,990,581	0	0	905,831	7,990,581
Public Health Services	18,514	16,580	0	0	18,514	16,580
Transportation	2,921,294	3,355,735	0	0	2,921,294	3,355,735
Community Development	744,795	690,397	0	0	744,795	690,397
Basic Utility Services	1,167,002	994,430	0	0	1,167,002	994,430
Leisure Time Activities	729,850	625,054	0	0	729,850	625,054
Interest and Fiscal Charges	88,264	98,786	0	0	88,264	98,786
Water	0	0	3,370,988	3,229,298	3,370,988	3,229,298
<i>Total Program Expenses</i>	<u>11,674,758</u>	<u>18,761,628</u>	<u>3,370,988</u>	<u>3,229,298</u>	<u>15,045,746</u>	<u>21,990,926</u>
Transfers	(31,661)	(17,670)	31,661	17,670	0	0
<i>Change in Net Position</i>	<u>6,692,594</u>	<u>(544,140)</u>	<u>232,030</u>	<u>544,976</u>	<u>6,924,624</u>	<u>836</u>
<i>Net Position Beginning of Year</i>	<u>11,173,690</u>	<u>11,717,830</u>	<u>10,971,436</u>	<u>10,426,460</u>	<u>22,145,126</u>	<u>22,144,290</u>
<i>Net Position End of Year</i>	<u>\$17,866,284</u>	<u>\$11,173,690</u>	<u>\$11,203,466</u>	<u>\$10,971,436</u>	<u>\$29,069,750</u>	<u>\$22,145,126</u>

For 2019, OP&F recognized a change in benefit terms for their OPEB plan. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements. This new model replaced the self-insured health care plan used in prior years. These changes contributed to OPEB expense decreasing from \$889,155 in 2018 to a negative OPEB expense of \$7,133,057 for 2019.



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

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***Governmental Activities***

Governmental program revenues increased slightly in 2019 due mainly to an increase in operating grants and contributions due to an increase in gas and permissive taxes received by the City. The City continues to seek out additional sources of revenue to ensure the stability of the infrastructure is maintained. Governmental charges for services and capital grants remained relatively consistent with the prior year. Total program expenses decreased due to the previously mentioned changes in the OP&F OPEB plan, which resulted in a negative OPEB expense.

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 has a diversified base of taxpayers that provides the City a solid income tax base. The City is working to be able to sustain the loss of any major tax paying entity and still be able to meet its financial needs.

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 the State Department of Taxation and to cover refunds are receipted into the following funds: 78 percent went to the general fund, 20 percent went to the general capital improvements fund and 2 percent went to the general obligation bond retirement fund.

Community development expenses increased due to writing off additional mortgages receivable as uncollectible coupled with an increase in pension expenses related to the net pension liability. Transportation expenses decreased from the prior year due to decreased infrastructure costs relating to road maintenance programs being expensed. The City planned for a large amount of infrastructure projects in the prior year.

***Business-Type Activities***

The City operates one business-type activity, the water distribution system. In 2019, this activity generated operating revenues of \$3,535,902. Water operating expenses plus non-operating expenses amounted to \$3,370,988 in 2019. There were approximately 4,847 customers as of December 31, 2019. 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 increased income and property tax revenues coupled with a decrease in general government expenditures. General government expenditures decreased due to the intergovernmental payable to the School District recognized in the prior year. The general capital improvements fund had an increase in fund balance due to a decrease in capital outlay expenditures. The City had significantly more capital projects in the prior 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 2019 due to management's careful monitoring of the City's billing rate and expenditures.

**City of Streetsboro**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2019*  
*Unaudited*

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**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 2019, actual revenues for the general fund were slightly less than final estimated revenues due to lower than expected income tax and miscellaneous revenues. 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 2019, the City amended its general fund budget numerous times, in response to conservative revenue projections being surpassed and necessary expenditures that were not known when the budget was originally approved.

**Capital Assets and Long-term Obligations**

*Capital Assets*

Governmental capital assets additions included several ongoing infrastructure projects, the purchase of various equipment and vehicles, various projects at City Park and storm water improvements, among other items. Governmental capital asset deletions included the old City Hall building and several vehicles that were used as trade allowances.

Business-type capital asset additions included some equipment purchases, a new truck and construction in progress. Business-type deletions included an old piece of equipment. See Note 7 to the basic financial statements for additional information on capital assets.

*Long-term Obligations*

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 net pension/OPEB liabilities 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 compensatory time held by the City's full-time employees and an increase in the base salary for all employees.

The City of Streetsboro's overall legal debt margin was \$47,265,732 on December 31, 2019. For more information about the City's long-term obligations, see Note 10 to the basic financial statements.

**City of Streetsboro**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2019*  
*Unaudited*

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**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, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$10,639,012	\$3,874,608	\$14,513,620
Materials and Supplies Inventory	218,687	281	218,968
Prepaid Items	103,201	659	103,860
Accounts Receivable	459,445	880,003	1,339,448
Intergovernmental Receivable	923,589	0	923,589
Income Taxes Receivable	3,391,495	0	3,391,495
Property Taxes Receivable	1,709,197	0	1,709,197
Payments in Lieu of Taxes Receivable	100,150	0	100,150
Special Assessments Receivable	151,841	1,197,170	1,349,011
Loans Receivable	408,070	0	408,070
Net Pension Asset	12,963	2,288	15,251
Nondepreciable Capital Assets	6,328,385	641,434	6,969,819
Depreciable Capital Assets, Net	18,304,777	9,044,352	27,349,129
<i>Total Assets</i>	<u>42,750,812</u>	<u>15,640,795</u>	<u>58,391,607</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	174,963	183,648	358,611
Pension	5,536,051	282,425	5,818,476
OPEB	1,209,602	37,359	1,246,961
<i>Total Deferred Outflows of Resources</i>	<u>6,920,616</u>	<u>503,432</u>	<u>7,424,048</u>
<b>Liabilities</b>			
Accounts Payable	202,355	16,910	219,265
Accrued Wages	366,479	26,613	393,092
Contracts Payable	44,730	1,594	46,324
Intergovernmental Payable	208,973	129,421	338,394
Deposits Held and Due to Others	214,142	0	214,142
Accrued Interest Payable	6,813	6,909	13,722
Vacation Benefits Payable	482,025	37,174	519,199
Long-Term Liabilities:			
Due Within One Year	424,287	189,424	613,711
Due In More Than One Year:			
Net Pension Liability (See Note 14)	18,843,321	955,566	19,798,887
Net OPEB Liability (See Note 15)	4,103,835	459,831	4,563,666
Other Amounts	3,872,508	3,092,453	6,964,961
<i>Total Liabilities</i>	<u>28,769,468</u>	<u>4,915,895</u>	<u>33,685,363</u>
<b>Deferred Inflows of Resources</b>			
Payments in Lieu of Taxes	100,150	0	100,150
Property Taxes	1,686,875	0	1,686,875
Pension	488,426	18,835	507,261
OPEB	760,225	6,031	766,256
<i>Total Deferred Inflows of Resources</i>	<u>3,035,676</u>	<u>24,866</u>	<u>3,060,542</u>
<b>Net Position</b>			
Net Investment in Capital Assets	24,503,219	6,601,517	31,104,736
Restricted for:			
Capital Projects	11,516	0	11,516
Debt Service	256,866	0	256,866
Other Purposes	2,817,844	0	2,817,844
Unrestricted (Deficit)	(9,723,161)	4,601,949	(5,121,212)
<i>Total Net Position</i>	<u>\$17,866,284</u>	<u>\$11,203,466</u>	<u>\$29,069,750</u>

See accompanying notes to the basic financial statements

**City of Streetsboro, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2019

	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	\$5,099,208	\$273,695	\$0	\$1,570
Security of Persons and Property	905,831	658,156	25,673	38,507
Public Health Services	18,514	0	0	0
Transportation	2,921,294	0	1,231,819	599,244
Community Development	744,795	44,133	32,735	0
Basic Utility Services	1,167,002	50,150	0	0
Leisure Time Activities	729,850	204,823	0	0
Interest and Fiscal Charges	88,264	0	0	0
<i>Total Governmental Activities</i>	11,674,758	1,230,957	1,290,227	639,321
<b>Business-Type Activities:</b>				
Water	3,370,988	3,517,976	0	2,046
<i>Total - Primary Government</i>	<u>\$15,045,746</u>	<u>\$4,748,933</u>	<u>\$1,290,227</u>	<u>\$641,367</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*

Transfers

*Total General Revenues 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
(\$4,823,943)	\$0	(\$4,823,943)
(183,495)	0	(183,495)
(18,514)	0	(18,514)
(1,090,231)	0	(1,090,231)
(667,927)	0	(667,927)
(1,116,852)	0	(1,116,852)
(525,027)	0	(525,027)
(88,264)	0	(88,264)
(8,514,253)	0	(8,514,253)
0	149,034	149,034
(8,514,253)	149,034	(8,365,219)
841,638	0	841,638
310,083	0	310,083
132,889	0	132,889
9,632,299	0	9,632,299
186,661	0	186,661
2,375,340	0	2,375,340
431,706	0	431,706
1,689	0	1,689
96,898	0	96,898
601,179	0	601,179
114,247	35,455	149,702
513,879	15,880	529,759
15,238,508	51,335	15,289,843
(31,661)	31,661	0
15,206,847	82,996	15,289,843
6,692,594	232,030	6,924,624
11,173,690	10,971,436	22,145,126
\$17,866,284	\$11,203,466	\$29,069,750

**City of Streetsboro, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2019*

	General	General Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and				
Cash Equivalents	\$5,528,434	\$1,615,205	\$3,285,132	\$10,428,771
Materials and Supplies Inventory	80,519	0	138,168	218,687
Accounts Receivable	242,789	0	216,656	459,445
Intergovernmental Receivable	180,748	82,846	659,995	923,589
Prepaid Items	103,201	0	0	103,201
Income Taxes Receivable	2,696,236	678,302	16,957	3,391,495
Property Taxes Receivable	880,858	0	828,339	1,709,197
Payments in Lieu of Taxes Receivable	0	0	100,150	100,150
Loans Receivable	0	0	408,070	408,070
Special Assessments Receivable	0	31,784	120,057	151,841
Restricted Assets:				
Equity in Pooled Cash and				
Cash Equivalents	210,041	0	200	210,241
<i>Total Assets</i>	<u>\$9,922,826</u>	<u>\$2,408,137</u>	<u>\$5,773,724</u>	<u>\$18,104,687</u>
<b>Liabilities</b>				
Accounts Payable	\$128,645	\$13,062	\$60,648	\$202,355
Accrued Wages	348,051	0	18,428	366,479
Contracts Payable	15,787	28,943	0	44,730
Intergovernmental Payable	168,917	0	40,056	208,973
Deposits Held and Due to Others	213,942	0	200	214,142
<i>Total Liabilities</i>	<u>875,342</u>	<u>42,005</u>	<u>119,332</u>	<u>1,036,679</u>
<b>Deferred Inflows of Resources</b>				
Payments in Lieu of Taxes	0	0	100,150	100,150
Property Taxes	866,233	0	820,642	1,686,875
Unavailable Revenue	1,146,573	240,141	765,311	2,152,025
<i>Total Deferred Inflows of Resources</i>	<u>2,012,806</u>	<u>240,141</u>	<u>1,686,103</u>	<u>3,939,050</u>
<b>Fund Balances</b>				
Nonspendable	186,686	0	138,168	324,854
Restricted	0	0	2,979,280	2,979,280
Committed	90,539	2,125,991	850,841	3,067,371
Assigned	1,281,134	0	0	1,281,134
Unassigned	5,476,319	0	0	5,476,319
<i>Total Fund Balances</i>	<u>7,034,678</u>	<u>2,125,991</u>	<u>3,968,289</u>	<u>13,128,958</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$9,922,826</u>	<u>\$2,408,137</u>	<u>\$5,773,724</u>	<u>\$18,104,687</u>

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, 2019*

<b>Total Governmental Fund Balances</b>	\$13,128,958
 <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.	24,633,162
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	22,322
Income Taxes	1,041,777
Charges for Services	312,449
Special Assessments	151,841
Intergovernmental	575,028
Cable Franchise Fees	45,519
Other	3,089
Total	2,152,025
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(6,813)
The net pension asset, net pension liability and net OPEB liability are not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.	
Net Pension Asset	12,963
Deferred Outflows - Pension	5,536,051
Net Pension Liability	(18,843,321)
Deferred Inflows - Pension	(488,426)
Deferred Outflows - OPEB	1,209,602
Net OPEB Liability	(4,103,835)
Deferred Inflows - OPEB	(760,225)
Total	(17,437,191)
Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore are not reported in the funds.	(482,025)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
General Obligation Bonds	(2,852,246)
OPWC Loans Payable	(119,540)
Tax Incremental Financing Agreement	(763,089)
Compensated Absences	(561,920)
Deferred Charge on Refunding	174,963
Total	(4,121,832)
<i>Net Position of Governmental Activities</i>	<b>\$17,866,284</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, 2019*

	General	General Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$855,067	\$0	\$450,041	\$1,305,108
Income Taxes	10,272,563	2,543,515	219,106	13,035,184
Special Assessments	0	5,411	18,677	24,088
Payment In Lieu of Taxes	0	0	96,898	96,898
Hotel/Motel Tax	450,884	0	150,295	601,179
Intergovernmental	366,910	592,837	1,202,003	2,161,750
Interest	92,426	0	21,821	114,247
Fees, Licenses and Permits	378,966	0	41,850	420,816
Fines and Forfeitures	53,540	0	6,198	59,738
Rentals	0	0	17,265	17,265
Charges for Services	179,936	0	400,744	580,680
Contributions and Donations	1,689	6,250	38,507	46,446
Cable Franchise Fees	200,889	0	0	200,889
Other	388,270	120,092	2,428	510,790
<i>Total Revenues</i>	<u>13,241,140</u>	<u>3,268,105</u>	<u>2,665,833</u>	<u>19,175,078</u>
<b>Expenditures</b>				
Current:				
General Government	4,257,917	0	161,455	4,419,372
Security of Persons and Property	6,160,292	0	166,720	6,327,012
Public Health Services	0	0	14,665	14,665
Leisure Time Activities	416,913	0	130,907	547,820
Community Development	693,137	0	99,308	792,445
Transportation	0	0	815,479	815,479
Basic Utility Services	775,201	0	0	775,201
Capital Outlay	0	3,046,403	438,175	3,484,578
Debt Service:				
Principal Retirement	0	11,953	550,057	562,010
Interest and Fiscal Charges	0	0	94,737	94,737
<i>Total Expenditures</i>	<u>12,303,460</u>	<u>3,058,356</u>	<u>2,471,503</u>	<u>17,833,319</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>937,680</u>	<u>209,749</u>	<u>194,330</u>	<u>1,341,759</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	0	62,460	5,000	67,460
Transfers Out	0	0	(31,661)	(31,661)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>62,460</u>	<u>(26,661)</u>	<u>35,799</u>
<i>Net Change in Fund Balances</i>	937,680	272,209	167,669	1,377,558
<i>Fund Balances Beginning of Year</i>	<u>6,096,998</u>	<u>1,853,782</u>	<u>3,800,620</u>	<u>11,751,400</u>
<i>Fund Balances End of Year</i>	<u>\$7,034,678</u>	<u>\$2,125,991</u>	<u>\$3,968,289</u>	<u>\$13,128,958</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, 2019*

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**Net Change in Fund Balances - Total Governmental Funds** \$1,377,558

*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	2,301,290	
Current Year Depreciation	(1,548,260)	
Total		753,030

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (544,531)

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

Delinquent Property Taxes	(20,498)	
Income Taxes	(840,884)	
Intergovernmental	153,020	
Charges for Services	(48,994)	
Special Assessments	(22,361)	
Cable Franchise Fees	563	
Other	3,089	
Total		(776,065)

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

Pension	1,171,315	
OPEB	26,264	
Total		1,197,579

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liabilities are reported as pension expense in the statement of activities.

Pension	(3,038,752)	
OPEB	7,172,707	
Total		4,133,955

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 562,010

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	1,082	
Amortization of Premium	25,673	
Amortization of Deferred Charge on Refunding	(20,282)	
Total		6,473

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	(21,125)	
Vacation Benefits Payable	3,710	
Total		(17,415)

*Change in Net Position of Governmental Activities* \$6,692,594

See accompanying notes to the basic financial statements

**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, 2019*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Property Taxes	\$882,541	\$920,221	\$855,067	(\$65,154)
Income Taxes	9,402,692	9,804,138	9,688,086	(116,052)
Hotel/Motel Taxes	421,984	440,000	445,853	5,853
Intergovernmental	313,194	326,566	353,836	27,270
Interest	67,134	70,000	92,426	22,426
Fees, Licenses and Permits	311,894	325,210	363,841	38,631
Fines and Forfeitures	44,692	46,600	53,986	7,386
Charges for Services	191,478	199,653	182,517	(17,136)
Contributions and Donations	0	0	1,000	1,000
Cable Franchise Fees	193,969	202,250	201,578	(672)
Other	596,560	622,031	411,621	(210,410)
<i>Total Revenues</i>	<u>12,426,138</u>	<u>12,956,669</u>	<u>12,649,811</u>	<u>(306,858)</u>
<b>Expenditures</b>				
Current:				
General Government	4,858,806	5,633,684	5,055,865	577,819
Security of Persons and Property	6,255,923	6,382,925	6,190,774	192,151
Leisure Time Activities	417,446	428,863	417,897	10,966
Community Development	831,761	872,264	778,643	93,621
Basic Utility Services	805,406	840,994	812,163	28,831
<i>Total Expenditures</i>	<u>13,169,342</u>	<u>14,158,730</u>	<u>13,255,342</u>	<u>903,388</u>
<i>Net Change in Fund Balance</i>	(743,204)	(1,202,061)	(605,531)	596,530
<i>Fund Balance Beginning of Year - Restated</i>	5,531,887	5,531,887	5,531,887	0
Prior Year Encumbrances Appropriated	<u>433,545</u>	<u>433,545</u>	<u>433,545</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$5,222,228</u>	<u>\$4,763,371</u>	<u>\$5,359,901</u>	<u>\$596,530</u>

See accompanying notes to the basic financial statements

**City of Streetsboro, Ohio**  
*Statement of Fund Net Position*  
*Enterprise Fund*  
*December 31, 2019*

	Water
<b>Assets</b>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$3,874,608
Materials and Supplies Inventory	281
Receivables:	
Accounts	880,003
Special Assessments	1,197,170
Prepaid Items	659
<i>Total Current Assets</i>	5,952,721
<i>Noncurrent Assets:</i>	
Net Pension Asset	2,288
Capital Assets:	
Nondepreciable Capital Assets	641,434
Depreciable Capital Assets, Net	9,044,352
<i>Total Noncurrent Assets</i>	9,688,074
<i>Total Assets</i>	15,640,795
<b>Deferred Outflows of Resources</b>	
Deferred Charge on Refunding	183,648
Pension	282,425
OPEB	37,359
<i>Total Deferred Outflows of Resources</i>	503,432
<b>Liabilities</b>	
<i>Current Liabilities:</i>	
Accounts Payable	16,910
Accrued Wages	26,613
Contracts Payable	1,594
Intergovernmental Payable	129,421
Accrued Interest Payable	6,909
Vacation Benefits Payable	37,174
General Obligation Bonds Payable	170,000
OWDA Loans Payable	17,130
Compensated Absences Payable	2,294
<i>Total Current Liabilities</i>	408,045
<i>Long-Term Liabilities (net of current portion):</i>	
General Obligation Bonds Payable	2,712,147
OWDA Loans Payable	354,545
Compensated Absences Payable	25,761
Net Pension Liability	955,566
Net OPEB Liability	459,831
<i>Total Long-Term Liabilities</i>	4,507,850
<i>Total Liabilities</i>	4,915,895
<b>Deferred Inflows of Resources</b>	
Pension	18,835
OPEB	6,031
<i>Total Deferred Inflows of Resources</i>	24,866
<b>Net Position</b>	
Net Investment in Capital Assets	6,601,517
Unrestricted	4,601,949
<i>Total Net Position</i>	\$11,203,466

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, 2019*

	Water
<b>Operating Revenues</b>	
Charges for Services	\$3,517,976
Special Assessments	2,046
Other	15,880
<i>Total Operating Revenues</i>	3,535,902
<b>Operating Expenses</b>	
Personal Services	526,655
Fringe Benefits	440,135
Materials and Supplies	110,541
Contractual Services	1,689,931
Depreciation	507,339
Other	2,663
<i>Total Operating Expenses</i>	3,277,264
<i>Operating Income (Loss)</i>	258,638
<b>Non-Operating Revenues (Expenses)</b>	
Interest	35,455
Interest and Fiscal Charges	(93,724)
<i>Total Non-Operating Revenues (Expenses)</i>	(58,269)
<i>Income (Loss) before Transfers</i>	200,369
Transfers In	31,661
<i>Change in Net Position</i>	232,030
<i>Net Position Beginning of Year</i>	10,971,436
<i>Net Position End of Year</i>	\$11,203,466

See accompanying notes to the basic financial statements

**City of Streetsboro, Ohio**  
*Statement of Cash Flows*  
*Enterprise Fund*  
For the Year Ended December 31, 2019

	Water
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$3,739,275
Special Assessments	82,956
Other Cash Receipts	5,151
Cash Payments to Employees for Services	(786,616)
Cash Payments for Goods and Services	(1,805,780)
Other Cash Payments	(2,663)
	1,232,323
<i>Net Cash Provided by (Used for) Operating Activities</i>	
<b>Cash Flows from Capital and Related Financing Activities</b>	
Principal Paid on General Obligation Bonds	(155,000)
Interest Paid on General Obligation Bonds	(87,563)
Payments for Capital Acquisitions	(253,342)
	(495,905)
<i>Net Cash Provided by (Used for)</i> <i>Capital and Related Financing Activities</i>	
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	35,455
	771,873
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	
	771,873
<i>Cash and Cash Equivalents Beginning of Year</i>	3,102,735
	3,874,608
<i>Cash and Cash Equivalents End of Year</i>	\$3,874,608

(continued)

**City of Streetsboro, Ohio**  
*Statement of Cash Flows*  
*Enterprise Fund (continued)*  
For the Year Ended December 31, 2019

	Water
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>	
Operating Income (Loss)	\$258,638
Adjustments:	
Depreciation	507,339
<i>(Increase) Decrease in Assets:</i>	
Accounts Receivable	221,299
Materials and Supplies Inventory	(73)
Prepaid Items	(659)
Special Assessments	80,910
Net Pension Asset	(687)
(Increase) Decrease in Deferred Outflows - Pension	211,330
(Increase) Decrease in Deferred Outflows - OPEB	24,196
<i>Increase (Decrease) in Liabilities:</i>	
Accounts Payable	(6,551)
Contracts Payable	1,400
Accrued Wages	6,606
Vacation Benefits Payable	(3,781)
Compensated Absences Payable	(5,360)
Intergovernmental Payable	(8,684)
Net Pension Liability	(1,036)
Net OPEB Liability	25,188
Increase (Decrease) in Deferred Inflows - Pension	(66,721)
Increase (Decrease) in Deferred Inflows - OPEB	(11,031)
<i>Total Adjustments</i>	973,685
<i>Net Cash Provided by (Used for) Operating Activities</i>	\$1,232,323

**Noncash Capital and Related Financing Activities**

At December 31, 2019, the City had accounts payable related to the acquisition of capital assets of \$14,095.

During 2019, the Special Assessment bond retirement fund paid \$16,303 in principal and \$15,358 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**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2019*

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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, a building department, 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.

The City participates in the Regional Income Tax Agency, which is defined as a jointly governed organization. This organization is discussed in Note 11 to the basic financial statements.

**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

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2019*

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therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

***Fund Financial Statements*** During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. 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, 2019*

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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 (and other employee benefit) trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics. The City does not have any trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

***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, all proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

***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 statements presented for 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, 2019*

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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, pension and OPEB. 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 and OPEB plans are explained in Notes 14 and 15.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include payments in lieu of taxes, property taxes, pension, OPEB 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, 2019, but which were levied to finance 2020 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, intergovernmental grants and other revenue. 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 and OPEB plans are reported on the government – wide statement of net position (See Notes 14 and 15).

***Pensions/Other Postemployment Benefits (OPEB)***

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

***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, 2019*

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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 2019, 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 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2019 amounted to \$92,426 of which \$33,236 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, 2019, 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.

***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.

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2019*

***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 fund are reported both in the business-type activities column of the government-wide statement of net position and in the fund.

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.

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

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 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, the outstanding liability is recorded as "vacation benefits payable" on the statement of net position rather than as a long-term liability.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those 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.

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2019*

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***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, judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and long-term loans are recognized as a liability on the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

***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.

***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

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2019*

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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 2020'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.

***Internal Activity***

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated on the government wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

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



**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2019*

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***Budgetary Process***

All funds, except custodial funds, are legally required to be budgeted and appropriated. For reporting purposes, the City's custodial fund, utilized for internal control purposes, has been combined with the general fund and the recreation special revenue fund. These custodial funds are not required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The 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.

***Estimates***

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

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2019*

**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).

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:

	General
GAAP Basis	\$937,680
Net Adjustment for Revenue Accruals	(591,329)
Net Adjustment for Expenditures Accruals	(573,308)
Encumbrances	(378,574)
Budget Basis	(\$605,531)

**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
<i><b>Nonspendable</b></i>				
Prepays	\$103,201	\$0	\$0	\$103,201
Unclaimed Monies	2,966	0	0	2,966
Inventory	80,519	0	138,168	218,687
<i><b>Total Nonspendable</b></i>	\$186,686	\$0	\$138,168	\$324,854

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
For The Year Ended December 31, 2019

Fund Balances	General	General Capital Improvements	Other Governmental Funds	Total
<b><i>Restricted for</i></b>				
General Government	\$0	\$0	\$93,729	\$93,729
Public Safety	0	0	210,778	210,778
Street Maintenance	0	0	1,205,163	1,205,163
Community Development	0	0	661,435	661,435
Public Health and Welfare	0	0	111,747	111,747
Debt Service Payments	0	0	695,315	695,315
Capital Improvements	0	0	1,113	1,113
<b><i>Total Restricted</i></b>	<b>0</b>	<b>0</b>	<b>2,979,280</b>	<b>2,979,280</b>
<b><i>Committed to</i></b>				
Capital Improvements	0	2,125,991	726,092	2,852,083
Recreation	0	0	118,506	118,506
Contractual Services	86,404	0	0	86,404
Materials and Supplies	4,135	0	0	4,135
Litter Programs	0	0	329	329
Senior Services	0	0	5,128	5,128
City Beautification Programs	0	0	786	786
<b><i>Total Committed</i></b>	<b>90,539</b>	<b>2,125,991</b>	<b>850,841</b>	<b>3,067,371</b>
<b><i>Assigned to</i></b>				
Purchases on Order:				
Personal Services	41,432	0	0	41,432
Contractual Services	50,521	0	0	50,521
Materials and Supplies	93,742	0	0	93,742
2020 Operations	1,095,439	0	0	1,095,439
<b><i>Total Assigned</i></b>	<b>1,281,134</b>	<b>0</b>	<b>0</b>	<b>1,281,134</b>
<b><i>Unassigned</i></b>	<b>5,476,319</b>	<b>0</b>	<b>0</b>	<b>5,476,319</b>
<b><i>Total Fund Balances</i></b>	<b>\$7,034,678</b>	<b>\$2,125,991</b>	<b>\$3,968,289</b>	<b>\$13,128,958</b>

**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 deposits 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.

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2019*

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
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.

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2019*

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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.

At year end, the City had \$900 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

### **Deposits**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2019, \$2,351,311 of the City's total bank balance of \$8,136,518 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. One of the City's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

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

Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

### **Investments**

As of December 31, 2019, the City had STAR Ohio as an investment. STAR Ohio is being held with an amount of \$6,505,378 which is insured at net asset value per share. The average maturity is 55.7 days.

**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.

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2019*

**Note 6 - Receivables**

Receivables at December 31, 2019, 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). Except for mortgages collected and distributed through the revolving loan special revenue fund, receivables are considered collectible in full.

All receivables, except loans, 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.

Loans receivable presented in the revolving loan special revenue fund represent low interest loans for development projects and home improvements granted to eligible City residents and businesses under Federal Grant programs. These loans were granted using one of the following terms:

<u>Length of Repayment</u>	<u>Annual Interest Rate</u>	<u>Annual Forgiveness Rate *</u>	<u>Amount Due on Sale</u>
5 years	N/A	15 percent/year	25 percent of principal balance
10 years	N/A	8 percent/year	20 percent of principal balance
N/A	0 percent	N/A	N/A

\* Principal balance is forgiven at the listed rate provided the mortgagor resides at the property

A summary of the governmental loans receivable follows and includes the allowance for uncollectibles:

	<u>Loans Receivable</u>	<u>Allowances for Uncollectibles</u>	<u>Net Loans Receivable</u>
Revolving Loans	<u>\$818,656</u>	<u>\$410,586</u>	<u>\$408,070</u>

***Property Taxes***

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2019 for real and public utility property taxes represents collections of 2018 taxes.

2019 real property taxes were levied after October 1, 2019, on the assessed value as of January 1, 2019, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2019 real property taxes are collected in and intended to finance 2020.

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. 2019 public utility property taxes which became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes.

**City of Streetsboro, Ohio**  
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*For The Year Ended December 31, 2019*

The full tax rate for all City operations for the year ended December 31, 2019, was \$2.90 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2019 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	
Residential/Agricultural	\$293,916,460
Other Real Estate	190,814,850
Tangible Personal Property	
Public Utility	10,307,160
Total Assessed Values	\$495,038,470

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, 2019, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2019 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. Companies also have the option of filing net profit tax returns directly with the State of Ohio, Department of Taxation. 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 general capital improvements capital projects fund and two percent were credited to the debt service (bond retirement) fund.

The Regional Income Tax Agency administers and collects income taxes for the City. Payments are remitted monthly net of collection fees of approximately 1.29 percent.

***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 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.

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
For The Year Ended December 31, 2019

***Intergovernmental Receivables***

A summary of intergovernmental receivables follows:

	Amounts
<b>Governmental Activities</b>	
Gasoline and Municipal Cents per Gallon	\$484,380
Permissive Tax	150,188
Local Government	135,023
Ohio Department of Transportation	82,846
Homestead and Rollback	64,300
Police Department Court Distributions	4,592
DARE Grant	2,260
Total	\$923,589

**Note 7 - Capital Assets**

Capital asset activity for the year ended December 31, 2019, was as follows:

	Balance 12/31/2018	Additions	Deductions	Balance 12/31/2019
<b>Governmental Activities</b>				
<b><i>Capital Assets not being Depreciated:</i></b>				
Land	\$2,227,453	\$15,960	(\$8,503)	\$2,234,910
Construction in Progress	3,122,304	1,313,636	(342,465)	4,093,475
Total Capital Assets not being Depreciated	5,349,757	1,329,596	(350,968)	6,328,385
<b><i>Capital Assets being Depreciated:</i></b>				
Land Improvements	1,176,546	5,335	0	1,181,881
Buildings and Improvements	6,462,395	75,112	(918,079)	5,619,428
Furniture and Equipment	4,086,565	284,079	(49,990)	4,320,654
Vehicles	5,952,861	607,168	(472,668)	6,087,361
Infrastructure	18,845,605	342,465	(67,154)	19,120,916
Total Capital Assets being Depreciated	36,523,972	1,314,159	(1,507,891)	36,330,240
<b><i>Less Accumulated Depreciation:</i></b>				
Land Improvements	(1,012,323)	(20,112)	0	(1,032,435)
Buildings and Improvements	(2,939,804)	(131,865)	525,830	(2,545,839)
Furniture and Equipment	(3,208,471)	(170,528)	49,990	(3,329,009)
Vehicles	(4,128,138)	(384,170)	371,869	(4,140,439)
Infrastructure	(6,160,330)	(841,585)	24,174	(6,977,741)
Total Accumulated Depreciation	(17,449,066)	(1,548,260) *	971,863	(18,025,463)
Total Capital Assets being Depreciated, Net	19,074,906	(234,101)	(536,028)	18,304,777
Governmental Activities Capital Assets, Net	\$24,424,663	\$1,095,495	(\$886,996)	\$24,633,162



**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
For The Year Ended December 31, 2019

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

General Government	\$52,168
Security of Persons and Property	414,608
Public Health Services	3,849
Transportation	822,133
Community Development	8,730
Basic Utility Services	190,431
Leisure Time Activities	56,341
<b>Total Depreciation Expense</b>	<b><u><u>\$1,548,260</u></u></b>

	Balance 12/31/2018	Additions	Deductions	Balance 12/31/2019
<b>Business Type Activities:</b>				
<b><i>Capital Assets not being Depreciated:</i></b>				
Land	\$547,386	\$0	\$0	\$547,386
Construction in Progress	19,177	74,871	0	94,048
<b>Total Capital Assets not being Depreciated</b>	<b><u>566,563</u></b>	<b><u>74,871</u></b>	<b><u>0</u></b>	<b><u>641,434</u></b>
<b><i>Capital Assets being Depreciated:</i></b>				
Furniture and Equipment	883,355	21,025	(19,248)	885,132
Vehicles	371,253	171,541	0	542,794
Infrastructure	16,792,037	0	0	16,792,037
<b>Total Capital Assets being Depreciated</b>	<b><u>18,046,645</u></b>	<b><u>192,566</u></b>	<b><u>(19,248)</u></b>	<b><u>18,219,963</u></b>
<b><i>Less Accumulated Depreciation:</i></b>				
Furniture and Equipment	(710,008)	(34,911)	19,248	(725,671)
Vehicles	(317,867)	(36,199)	0	(354,066)
Infrastructure	(7,659,645)	(436,229)	0	(8,095,874)
<b>Total Accumulated Depreciation</b>	<b><u>(8,687,520)</u></b>	<b><u>(507,339)</u></b>	<b><u>19,248</u></b>	<b><u>(9,175,611)</u></b>
<b>Total Capital Assets being Depreciated, Net</b>	<b><u>9,359,125</u></b>	<b><u>(314,773)</u></b>	<b><u>0</u></b>	<b><u>9,044,352</u></b>
<b>Business Type Activities Capital Assets, Net</b>	<b><u>\$9,925,688</u></b>	<b><u>(\$239,902)</u></b>	<b><u>\$0</u></b>	<b><u>\$9,685,786</u></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.

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
For The Year Ended December 31, 2019

**Note 9 - Interfund Transfers**

Interfund transfers for the year ended December 31, 2019 consisted of a transfer of \$31,661 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.

**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			
OWDA - Briar Root Manor Waterline	2.0-3.25	2,650,000	2032
	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>			
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 2019 follows:

	Amount Outstanding 12/31/2018	Additions	Deletions	Amount Outstanding 12/31/2019	Amounts Due In One Year
<b>Business-Type Activities:</b>					
2013 Various Purpose General Obligation Bonds					
Serial	\$155,000	\$0	(\$155,000)	\$0	\$0
Premium	5,079	0	(5,079)	0	0
2016 Various Purpose General Obligation Refunding Bonds					
Serial	2,650,000	0	0	2,650,000	170,000
Premium	250,004	0	(17,857)	232,147	0
Total General Obligation Bonds	3,060,083	0	(177,936)	2,882,147	170,000
<i>OWDA Loans from Direct Borrowings</i>					
Briar Root Manor Waterline	387,978	0	(16,303)	371,675	17,130
Net Pension Liability - OPERS	551,404	404,162	0	955,566	0
Net OPEB Liability - OPERS	386,861	72,970	0	459,831	0
Compensated Absences	33,415	0	(5,360)	28,055	2,294
<b>Total Business-Type Activities Obligations</b>	<b>\$4,419,741</b>	<b>\$477,132</b>	<b>(\$199,599)</b>	<b>\$4,697,274</b>	<b>\$189,424</b>

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
For The Year Ended December 31, 2019

	Amount Outstanding 12/31/2018	Additions	Deletions	Amount Outstanding 12/31/2019	Amounts Due In One Year
<b>Governmental Activities Obligations:</b>					
2010 Limited Tax General Obligation Refunding Bonds					
Serial	\$265,000	\$0	(\$265,000)	\$0	\$0
Premium	1,353	0	(1,353)	0	0
2013 Various Purpose General Obligation Bond					
Serial	190,000	0	(190,000)	0	0
Premium	6,070	0	(6,070)	0	0
2016 Various Purpose General Obligation Refunding Bonds					
Serial	2,615,000	0	0	2,615,000	205,000
Premium	255,496	0	(18,250)	237,246	0
Total General Obligation Bonds	<u>3,332,919</u>	<u>0</u>	<u>(480,673)</u>	<u>2,852,246</u>	<u>205,000</u>
<i>OPWC Loans from Direct Borrowings</i>					
Seasons Road	131,493	0	(11,953)	119,540	11,954
<i>Other Long-term Obligations</i>					
Net Pension Liability					
OPERS	3,124,623	2,290,253	0	5,414,876	0
OP&F	9,887,743	3,540,702	0	13,428,445	0
Total Net Pension Liability	<u>13,012,366</u>	<u>5,830,955</u>	<u>0</u>	<u>18,843,321</u>	<u>0</u>
Net OPEB Liability					
OPERS	2,192,214	413,496	0	2,605,710	0
OP&F	9,127,983	0	(7,629,858)	1,498,125	0
Total Net OPEB Liability	<u>11,320,197</u>	<u>413,496</u>	<u>(7,629,858)</u>	<u>4,103,835</u>	<u>0</u>
Tax Incremental Financing Agreement					
Compensated Absences	858,146	0	(95,057)	763,089	100,000
	540,795	122,358	(101,233)	561,920	107,333
Total Other Long-term Obligations	<u>25,731,504</u>	<u>6,366,809</u>	<u>(7,826,148)</u>	<u>24,272,165</u>	<u>207,333</u>
<i>Total Governmental Activities Obligations</i>	<u>\$29,195,916</u>	<u>\$6,366,809</u>	<u>(\$8,318,774)</u>	<u>\$27,243,951</u>	<u>\$424,287</u>

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 \$2,650,000 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.

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.

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
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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 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 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.

OWDA loans will be paid from water enterprise fund user service charges. The OPWC loan will be paid with monies from the general 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 are no repayment schedules for the net pension/OPEB liabilities. However, employer pension/OPEB contributions are made from the following funds: the general fund, the street maintenance and repair special revenue fund and the water enterprise fund. See Notes 14 and 15 for additional information related to the net pension/OPEB liabilities.

The City's outstanding OWDA loan from direct borrowings of \$371,675 contains provisions that in the event of default (1) the amount of such default shall bear interest at the default rate from the due date until the date of payment, (2) if any of the charges have not been paid within 30 days, in addition to the interest calculated at the default rate, a late charge of 1 percent on the amount of each default shall also be paid to the OWDA, and (3) for each additional 30 days during which the charges remain unpaid, the City shall continue to pay an additional late charge of 1 percent on the amount of the default until such charges are paid.

The City's outstanding OPWC loan from direct borrowings related to governmental activities of \$119,540 contains provisions that in the event of default (1) OPWC may apply late fees of 8 percent per year, (2) loans more than 60 days late will be turned over to the Attorney General's office for collection, and as provided by law, OPWC may require that such payment be taken from the City's share of the county undivided local government fund, and (3) the outstanding amounts shall, at OPWC's option, become immediately due and payable.

The City's overall legal debt margin was \$47,265,732 at December 31, 2019. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2019, are as follows:

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Business-Type Activities:

	<i>From Direct Borrowings</i>			
	<u>OWDA Loans</u>		<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$17,130	\$14,698	\$170,000	\$82,912
2021	18,000	14,004	175,000	79,513
2022	18,912	13,275	180,000	76,012
2023	19,872	12,509	180,000	70,613
2024	20,880	11,704	190,000	65,212
2025 - 2029	121,402	44,945	1,045,000	222,175
2030 - 2034	155,479	17,738	710,000	46,638
Total	<u>\$371,675</u>	<u>\$128,873</u>	<u>\$2,650,000</u>	<u>\$643,075</u>

Governmental Activities:

	<i>Various Purpose</i>		<i>From Direct</i>
	<i>General Obligation Bonds</i>		<i>Borrowings</i>
	<u>Principal</u>	<u>Interest</u>	<u>OPWC</u>
			<u>Loans</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2020	\$205,000	\$81,750	\$11,954
2021	210,000	77,650	11,954
2022	215,000	73,450	11,954
2023	220,000	67,000	11,954
2024	225,000	60,400	11,954
2025 - 2029	1,265,000	176,225	59,770
2030	275,000	8,938	0
Total	<u>\$2,615,000</u>	<u>\$545,413</u>	<u>\$119,540</u>

**Note 11 – Jointly Governed Organizations**

***Regional Income Tax Agency***

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of the collection of income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. In 2019, the City paid RITA \$155,555 for income tax collection services.

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**Note 12 - 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 2019, the City contracted with Love Insurance, Incorporated for various types of insurance as follows:

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
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)	18,580,384	1,000
Boiler and Machinery	18,580,384	1,000
Inland marine:		
Special property	1,382,957	1,000
Electronic equipment	106,346	1,000
Media and Data	26,586	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.

***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 13 - 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.

**City of Streetsboro, Ohio**  
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**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, 2019.

**Note 14 - Defined Benefit Pension Plans**

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

***Net Pension Liability (Asset)/Net OPEB Liability***

The net pension liability (asset) and the net OPEB liability reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. 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/OPEB liability (asset) represent the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates 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 and OPEB.

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

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The proportionate share of each plan’s unfunded benefits is presented as a *net pension/OPEB asset* or a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 15 for the required OPEB disclosures.

***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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. 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 in the traditional and combined plans 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 and combined plans 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>Traditional Plan 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>Traditional Plan 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>Traditional Plan 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
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% 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.



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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 traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, current law provides for a 3 percent COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

	State and Local
<b>2019 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee *	10.0 %
 <b>2019 Actual Contribution Rates</b>	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
Employee	10.0 %

\* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

\*\* These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

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For 2019, The City's contractually required contribution was \$444,423 for the traditional plan, \$8,719 for the combined plan and \$21,619 for the member-directed plan. Of these amounts, \$38,095 is reported as an intergovernmental payable for the traditional plan, \$746 for the combined plan, and \$1,852 for the member-directed plan.

***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 (see OP&F CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

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 3 percent or the percent increase, if any, in the Consumer Price Index over the 13 month period ending on September 30<sup>th</sup> 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 3 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:

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	<u>Police</u>	<u>Firefighters</u>
<b>2019 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
<b>2019 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
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 \$786,144 for 2019. Of this amount, \$75,572 is reported as an intergovernmental payable.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net pension liability (asset) 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 of the City's defined benefit pension plans:

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.02326000%	0.01363800%	0.16451100%	
Prior Measurement Date	<u>0.02343200%</u>	<u>0.01441600%</u>	<u>0.16110500%</u>	
Change in Proportionate Share	<u>-0.00017200%</u>	<u>-0.00077800%</u>	<u>0.00340600%</u>	
Proportionate Share of the:				
Net Pension Liability	\$6,370,442	\$0	\$13,428,445	\$19,798,887
Net Pension Asset	0	(15,251)	0	(15,251)
Pension Expense	1,401,348	4,370	1,843,891	3,249,609

2019 pension expense for the member-directed defined contribution plan was \$21,619. The aggregate pension expense for all pension plans was \$3,271,228 for 2019.

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

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	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
<b>Deferred Outflows of Resources</b>				
Differences between expected and actual experience	\$294	\$0	\$551,722	\$552,016
Changes of assumptions	554,563	3,406	356,006	913,975
Net difference between projected and actual earnings on pension plan investments	864,647	3,285	1,654,373	2,522,305
Changes in proportion and differences between City contributions and proportionate share of contributions	2,043	1,443	587,408	590,894
City contributions subsequent to the measurement date	444,423	8,719	786,144	1,239,286
<b>Total Deferred Outflows of Resources</b>	<b>\$1,865,970</b>	<b>\$16,853</b>	<b>\$3,935,653</b>	<b>\$5,818,476</b>
<b>Deferred Inflows of Resources</b>				
Differences between expected and actual experience	\$83,647	\$6,229	\$12,539	\$102,415
Changes in proportion and differences between City contributions and proportionate share of contributions	35,680	0	369,166	404,846
<b>Total Deferred Inflows of Resources</b>	<b>\$119,327</b>	<b>\$6,229</b>	<b>\$381,705</b>	<b>\$507,261</b>

\$1,239,286 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 or increase to the net pension asset in 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Year Ending December 31:				
2020	\$550,273	\$704	\$873,687	\$1,424,664
2021	269,607	48	511,926	781,581
2022	80,215	117	610,334	690,666
2023	402,125	1,146	738,341	1,141,612
2024	0	(205)	33,516	33,311
Thereafter	0	95	0	95
<b>Total</b>	<b>\$1,302,220</b>	<b>\$1,905</b>	<b>\$2,767,804</b>	<b>\$4,071,929</b>

**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, 2018, 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 valuation, reflecting experience study results, prepared as of December 31, 2018, are presented below.

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change was effective beginning with the 2018 valuation.

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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.

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During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. 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 annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 2.94 percent for 2018.

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 2018 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 %	2.79 %
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other investments	18.00	5.50
<b>Total</b>	<b>100.00 %</b>	<b>5.95 %</b>

**Discount Rate** For 2018, the discount rate used to measure the total pension liability was 7.2 percent for the traditional plan and the combined plan. For 2017, the discount rate used to measure the total pension liability was 7.5 percent for the traditional plan and the combined plan. 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 for the traditional pension plan, combined plan and member-directed plan 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 (Asset) to Changes in the Discount Rate** The following table presents the City's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.2 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
<b>City's proportionate share of the net pension liability (asset)</b>			
OPERS Traditional Plan	\$9,410,996	\$6,370,442	\$3,843,715
OPERS Combined Plan	(5,046)	(15,251)	(22,639)

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**Actuarial Assumptions – OP&F**

OP&F's total pension liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018, 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. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2018, are presented below.

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

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The most recent experience study was completed for the five year period ended December 31, 2016.

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 expected. 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, 2018, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	- %	0.80 %
Domestic Equity	16.00	5.50
Non-US Equity	16.00	5.90
Private Markets	8.00	8.40
Core Fixed Income *	23.00	2.60
High Yield Fixed Income	7.00	4.80
Private Credit	5.00	7.50
U.S. Inflation Linked Bonds*	17.00	2.30
Master Limited Partnerships	8.00	6.40
Real Assets	8.00	7.00
Private Real Estate	12.00	6.10
Total	<u>120.00 %</u>	

Note: Assumptions are geometric.

\* levered 2x

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 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return of 8.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, 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 8.00 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 (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.



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	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$17,650,765	\$13,428,445	\$9,900,086

**Note 15 - Defined Benefit OPEB Plans**

See Note 14 for a description of the net OPEB liability.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

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 maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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 with a minimum age of 60, or generally 30 years of qualifying service at any age. 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 75. 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 allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care was no longer being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, 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.

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Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, beginning January 1, 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan. The OPERS 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 employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$8,647 for 2019. Of this amount, \$741 is reported as an intergovernmental payable.

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F 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.

OP&F 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 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.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F 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, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2019, 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.

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The OP&F 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 contractually required contribution to OP&F was \$18,914 for 2019. Of this amount, \$1,809 is reported as an intergovernmental payable.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.02351300%	0.16451100%	
Prior Measurement Date	<u>0.02375000%</u>	<u>0.16110500%</u>	
Change in Proportionate Share	<u>-0.00023700%</u>	<u>0.00340600%</u>	
			<u>Total</u>
Proportionate Share of the Net Pension Liability	\$3,065,541	\$1,498,125	\$4,563,666
OPEB Expense	\$264,329	(\$7,397,386)	(\$7,133,057)

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$1,038	\$0	\$1,038
Changes of assumptions	98,837	776,556	875,393
Net difference between projected and actual earnings on OPEB plan investments	140,537	50,713	191,250
Changes in proportion and differences between City contributions and proportionate share of contributions	0	151,719	151,719
City contributions subsequent to the measurement date	<u>8,647</u>	<u>18,914</u>	<u>27,561</u>
Total Deferred Outflows of Resources	<u>\$249,059</u>	<u>\$997,902</u>	<u>\$1,246,961</u>

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	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$8,318	\$40,138	\$48,456
Changes of assumptions	0	414,752	414,752
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>31,880</u>	<u>271,168</u>	<u>303,048</u>
Total Deferred Inflows of Resources	<u>\$40,198</u>	<u>\$726,058</u>	<u>\$766,256</u>

\$27,561 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
2020	\$87,982	\$45,104	\$133,086
2021	18,545	45,104	63,649
2022	22,889	45,104	67,993
2023	70,798	60,443	131,241
2024	0	36,261	36,261
Thereafter	<u>0</u>	<u>20,914</u>	<u>20,914</u>
Total	<u>\$200,214</u>	<u>\$252,930</u>	<u>\$453,144</u>

***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs 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 coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

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Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.96 percent
Prior Measurement date	3.85 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current measurement date	3.71 percent
Prior Measurement date	3.31 percent
Health Care Cost Trend Rate:	
Current measurement date	10.0 percent, initial 3.25 percent, ultimate in 2029
Prior Measurement date	7.25 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age Normal

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change was effective for the 2018 valuation.

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care 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.

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 5.6 percent for 2018.

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The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 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	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	100.00 %	5.16 %

**Discount Rate** A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.71 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**  
The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
City's proportionate share of the net OPEB liability	\$3,921,968	\$3,065,541	\$2,384,453

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***Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate*** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuary’s project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	Current Health Care Cost Trend Rate		
	1% Decrease	Assumption	1% Increase
City’s proportionate share of the net OPEB liability	\$2,946,649	\$3,065,541	\$3,202,471

***Actuarial Assumptions – OP&F***

OP&F’s total OPEB liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value 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.

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

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

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented as follows.

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Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	4.66 percent
Prior measurement date	3.24 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016.

The OP&F health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 14.

**Discount Rate** For 2019, the total OPEB liability was calculated using the discount rate of 4.66 percent. For 2018, the total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 4.13 percent at December 31, 2018 and 3.16 percent at December 31, 2017, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 4.66 percent for 2018 and 3.24 percent for 2017. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2031. The



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long-term expected rate of return on health care investments was applied to projected costs through 2031, and the municipal bond rate was applied to all health care costs after that date.

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate*** Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.66 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.66 percent), or one percentage point higher (5.66 percent) than the current rate.

	1% Decrease (3.66%)	Current Discount Rate (4.66%)	1% Increase (5.66%)
City's proportionate share of the net OPEB liability	\$1,825,125	\$1,498,125	\$1,223,637

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate*** The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

**Note 16 – Significant Commitments**

***Contractual Commitments***

As of December 31, 2019, the City had the following contract balances for various projects and programs:

Ambulance Billing	\$7,135
Valor Battery Fan	4,135
Backup Inspection Fees	9,839
Core Concept Plan, Zoning, Regulations and Guidelines	54,000
Inspection and Testing of Storm Sewer Outfall	6,000
Various Engineering and Design Services	285,453
Cleaning - Service Department, City Hall and Weekend Cleaning Service	2,341
Uniforms - Service and Water Department	338
Legal Services	23,809
Curbside Recycling	4,717
Monthly Telecommunications	3,971
City Cell Phones	3,942
Animal Control Services	893
Police Department and City Hall Mats	562
Sign Posts and Miscellaneous Sign Materials	47,568
Traffic Light Repairs	2,608
Street Striping	5,399
Mobile Radios	1,003
Storm Drainage and Storm Water Repairs	38,438
Guardrail for State Route 43	49,813

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2019*

Wetland Mitigation	\$49,613
Demolition of City Hall	142,248
Street Light Replacement and Repair	49,543
Fire-Dex Gear Coat and Pants	7,437
Water Quality Study and Assessment	39,605
pH Monitoring - Joint Contract with Portage County	6,855
Hydrants and Hydrant Repair Parts	2,955
Leak Detector - Water Department	6,095
Residential Water Meters	48,041
Filtered Power Ventilation at Water Tower	15,000
Waterline Replacement and Repair	11,197
Tinkers Creek Pump Station	9,070
NDS RLF Administration Fees	2,162
Plan Review Fees	20,996
SWPPP Inspections	<u>5,529</u>
Total	<u>\$968,310</u>

Remaining commitment amounts were encumbered at year end.

***Encumbrances***

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At 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	\$378,574	Water	<u>\$447,475</u>
General Capital Improvements	511,768		
Other Governmental Funds	<u>262,340</u>		
<i>Total Governmental Funds</i>	<u>\$1,152,682</u>		

**Note 17 – Change in Accounting Principle**

The Governmental Accounting Standards Board (GASB) recently issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The City evaluated implementing these certain GASB pronouncements based on the guidance in GASB 95.

For 2019, the City implemented GASB Statement No. 84, *Fiduciary Activities*, and Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.

For 2019, the City also implemented the Governmental Accounting Standards Board’s (GASB) *Implementation Guide No. 2018-1*. These changes were incorporated in the City’s 2019 financial statements; however, there was no effect on beginning net position/fund balance.

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2019*

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GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the City will no longer be reporting agency funds. The City reviewed its agency funds and certain funds will be reported in the new fiduciary fund classification of custodial funds, while other funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the City's financial statements. The implementation of GASB Statement No. 84 resulted in no change to fund balance or net position.

GASB Statement No. 88 improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. These changes were incorporated in the City's 2019 financial statements; however, there was no effect on beginning net position/fund balance.

### **Note 18 – Tax Abatement Disclosures**

As of December 31, 2019, 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.

#### ***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.

The information relevant to the disclosure of those programs for the year ended December 31, 2019 is as follows.

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2019*

Tax Abatement Program	Total Amount of Taxes Abated (Incentives Abated) For the Year 2019 (In Actual Dollars)
Enterprise Zone	
- Manufacturing	\$3,592
- Retail	12,762

**Note 19 – Subsequent Events**

On April 15, 2020, the City sold \$6,255,000 in Various Purpose Improvement Notes at an interest rate of 2.625 percent. These notes were issued for the purpose of paying costs of constructing, equipping, furnishing and otherwise improving a new municipal fire station and municipal service garage and improving the sites thereof. These notes have a maturity date of April 15, 2021.

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. The investments of the pension and other employee benefit plans in which the City participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the City’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Due to widespread financial difficulties of the COVID-19 pandemic, the City has decided to defer the payments due from its revolving loan program for six months. This will give the participating company some financial flexibility in this time of struggle. The deferral was effective beginning with the April 2020 payment. Payments are scheduled to resume in October. All remaining payments will be postponed by six months.

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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 Six Years (1)*

	2019	2018	2017
City's Proportion of the Net Pension Liability	0.02326000%	0.02343200%	0.02374500%
City's Proportionate Share of the Net Pension Liability	\$6,370,442	\$3,676,027	\$5,392,086
City's Covered Payroll	\$3,141,671	\$3,096,546	\$3,069,975
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	202.77%	118.71%	175.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	84.66%	77.25%

(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 accompanying notes to the required supplementary information.

2016	2015	2014
0.02315900%	0.02401133%	0.02401133%
\$4,011,431	\$2,896,035	\$2,830,623
\$2,882,450	\$2,943,767	\$3,201,645
139.17%	98.38%	88.41%
81.08%	86.45%	86.36%

**City of Streetsboro, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the*  
*Net Pension Asset*  
*Ohio Public Employees Retirement System - Combined Plan*  
*Last Two Years (1)*

	2019	2018
City's Proportion of the Net Pension Asset	0.01363800%	0.01441600%
City's Proportionate Share of the Net Pension Asset	\$15,251	\$19,625
City's Covered Payroll	\$58,329	\$59,046
City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	-26.15%	-33.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	126.64%	137.28%

(1) Amounts for the combined plan are not presented prior to 2018 as the City's participation in this plan was considered immaterial in previous years.

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

See accompanying notes to the required supplementary information.



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

	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.02351300%	0.02375000%	0.02416000%
City's Proportionate Share of the Net OPEB Liability	\$3,065,541	\$2,579,075	\$2,440,242
City's Covered Payroll	\$3,410,600	\$3,363,667	\$3,338,700
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	89.88%	76.67%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33%	54.14%	54.04%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 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 accompanying notes to the required supplementary information.

**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 Six Years (1)*

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's Proportion of the Net Pension Liability	0.16451100%	0.16110500%	0.16851200%
City's Proportionate Share of the Net Pension Liability	\$13,428,445	\$9,887,743	\$10,673,380
City's Covered Payroll	\$3,685,434	\$3,594,684	\$3,470,921
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	364.37%	275.07%	307.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.07%	70.91%	68.36%

(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 accompanying notes to the required supplementary information.

2016	2015	2014
0.15311200%	0.15771550%	0.15771550%
\$9,849,802	\$8,170,321	\$7,681,240
\$3,180,149	\$3,184,013	\$3,100,161
309.73%	256.60%	247.77%
66.77%	71.71%	73.00%

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's Proportion of the Net OPEB Liability	0.16451100%	0.16110500%	0.16851200%
City's Proportionate Share of the Net OPEB Liability	\$1,498,125	\$9,127,983	\$7,998,886
City's Covered Payroll	\$3,685,434	\$3,594,684	\$3,470,921
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	40.65%	253.93%	230.45%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.57%	14.13%	15.96%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 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 accompanying notes to the required supplementary information.

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**City of Streetsboro, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Contributions*  
*Ohio Public Employees Retirement System*  
*Last Seven Years (1)*

	2019	2018	2017
<b>Net Pension Liability - Traditional Plan</b>			
Contractually Required Contribution	\$444,423	\$439,834	\$402,551
Contributions in Relation to the Contractually Required Contribution	<u>(444,423)</u>	<u>(439,834)</u>	<u>(402,551)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$3,174,450	\$3,141,671	\$3,096,546
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>
<b>Net Pension Liability - Combined Plan</b>			
Contractually Required Contribution	\$8,719	\$8,166	\$7,676
Contributions in Relation to the Contractually Required Contribution	<u>(8,719)</u>	<u>(8,166)</u>	<u>(7,676)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$62,279	\$58,329	\$59,046
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>
<b>Net OPEB Liability - OPEB Plan (2)</b>			
Contractually Required Contribution	\$8,647	\$8,424	\$39,879
Contributions in Relation to the Contractually Required Contribution	<u>(8,647)</u>	<u>(8,424)</u>	<u>(39,879)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (3)	\$3,452,904	\$3,410,600	\$3,363,667
OPEB Contributions as a Percentage of Covered Payroll	<u>0.25%</u>	<u>0.25%</u>	<u>1.19%</u>

(1) Information prior to 2013 is not available for traditional and combined plans.

(2) Information prior to 2016 is not available for the OPEB plan.

(3) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

See accompanying notes to the required supplementary information.

2016	2015	2014	2013
\$368,397	\$345,894	\$353,252	\$416,214
(368,397)	(345,894)	(353,252)	(416,214)
\$0	\$0	\$0	\$0
\$3,069,975	\$2,882,450	\$2,943,767	\$3,201,645
12.00%	12.00%	12.00%	13.00%
\$7,662	\$6,045	\$5,470	\$6,237
(7,662)	(6,045)	(5,470)	(6,237)
\$0	\$0	\$0	\$0
\$63,850	\$50,375	\$45,583	\$47,977
12.00%	12.00%	12.00%	13.00%
\$70,872			
(70,872)			
\$0			
\$3,338,700			
2.12%			

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

	2019	2018	2017	2016
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$786,144	\$764,695	\$743,858	\$717,951
Contributions in Relation to the Contractually Required Contribution	<u>(786,144)</u>	<u>(764,695)</u>	<u>(743,858)</u>	<u>(717,951)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$3,782,755	\$3,685,434	\$3,594,684	\$3,470,921
Pension Contributions as a Percentage of Covered Payroll	<u>20.78%</u>	<u>20.75%</u>	<u>20.69%</u>	<u>20.68%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution	\$18,914	\$18,428	\$17,973	\$17,354
Contributions in Relation to the Contractually Required Contribution	<u>(18,914)</u>	<u>(18,428)</u>	<u>(17,973)</u>	<u>(17,354)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
Total Contributions as a Percentage of Covered Payroll	<u>21.28%</u>	<u>21.25%</u>	<u>21.19%</u>	<u>21.18%</u>

(1) The City's Covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information.



2015	2014	2013	2012	2011	2010
\$663,390	\$660,029	\$544,208	\$427,464	\$403,889	\$423,374
<u>(663,390)</u>	<u>(660,029)</u>	<u>(544,208)</u>	<u>(427,464)</u>	<u>(403,889)</u>	<u>(423,374)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,180,149	\$3,184,013	\$3,100,161	\$2,929,747	\$2,761,087	\$2,907,940
<u>20.86%</u>	<u>20.73%</u>	<u>17.55%</u>	<u>14.59%</u>	<u>14.63%</u>	<u>14.56%</u>
\$15,901	\$15,921	\$112,122	\$197,758	\$186,374	\$196,285
<u>(15,901)</u>	<u>(15,921)</u>	<u>(112,122)</u>	<u>(197,758)</u>	<u>(186,374)</u>	<u>(196,285)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.50%</u>	<u>0.50%</u>	<u>3.62%</u>	<u>6.75%</u>	<u>6.75%</u>	<u>6.75%</u>
<u>21.36%</u>	<u>21.23%</u>	<u>21.17%</u>	<u>21.34%</u>	<u>21.38%</u>	<u>21.31%</u>

**City of Streetsboro**  
*Notes to the Required Supplementary Information*  
*For the Year Ended December 31, 2019*

**Changes in Assumptions – OPERS Pension**

Amounts reported beginning in 2019 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2017 and in 2016 and prior are presented below:

	<u>2019</u>	<u>2017</u>	<u>2016 and prior</u>
Wage Inflation	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:			
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age

Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates 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.

**City of Streetsboro**  
*Notes to the Required Supplementary Information*  
*For the Year Ended December 31, 2019*

**Changes in Assumptions – OP&F Pension**

Amounts reported beginning in 2018 incorporate changes in assumptions used by OP&F in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2017 and prior are presented below:

	Beginning in 2018	2017 and Prior
Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increased based on the lesser of the increase in CPI and 3 percent

Amounts reported beginning in 2018 use valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Amounts reported beginning in 2018 use valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

Amounts reported for 2017 and prior use valuation, rates of death were 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.

**City of Streetsboro**  
*Notes to the Required Supplementary Information*  
*For the Year Ended December 31, 2019*

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**Changes in Assumptions – OPERS OPEB**

For 2019, the single discount rate changed from 3.85 percent to 3.96 percent and the municipal bond rate changed from 3.31 percent to 3.71 percent. For 2019, the health care cost trend rate was 10 percent, initial; 3.25 ultimate in 2029. For 2018, the health care cost trend rate was 7.25 percent, initial; 3.25 percent ultimate in 2028.

For 2018, the single discount rate changed from 4.23 percent to 3.85 percent.

**Changes in Assumptions – OP&F OPEB**

For 2019, the single discount rate changed from 3.24 percent to 4.66 percent.

For 2018, the single discount rate changed from 3.79 percent to 3.24 percent.

**Changes in Benefit Terms – OP&F OPEB**

For 2019, OP&F recognized a change in benefit terms. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements. This new model replaced the self-insured health care plan used in prior years.

**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 REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

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

The Honorable Keith Faber  
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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 29, 2020, wherein we noted the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Also, the financial impact of COVID-19 and ensuing emergency measures will impact subsequent periods of the City. In addition, on April 15, 2020 the City sold \$6,255,000 in Various Purpose Improvement Notes.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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'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'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'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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

June 29, 2020

**CITY OF STREETSBORO  
PORTAGE COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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The prior audit report, as of December 31, 2018, 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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# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF STREETSBORO**

**PORTAGE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 8/25/2020**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)