



Dave Yost • Auditor of State

**CITY OF STREETSBORO
SUMMIT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	13
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet	
Governmental Funds.....	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	18
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual General Fund.....	20
Statement of Fund Net Position	
Enterprise Fund	21
Statement of Revenues, Expenses and Changes in Fund Net Position Enterprise Fund	22
Statement of Cash Flows	
Enterprise Fund	23
Statement of Fiduciary Assets and Liabilities – Agency Funds.....	25
Notes to the Basic Financial Statements	27
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	53

This Page Intentionally Left Blank



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

City of Streetsboro
Portage County
9184 State Route 43
Streetsboro, Ohio 44241

To the Honorable Mayor and City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Streetsboro, Portage County, Ohio (the City), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Streetsboro, Portage County, Ohio, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2015 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

November 20, 2015

City of Streetsboro
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

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, 2014. 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 2014 are as follows:

- The City made principal payments of \$445,000 on the governmental Various Purpose General Obligation bonds. The City made principal payments of \$105,000 on the business type Various Purpose General Obligation bonds.
- The City received \$1,500,000 from the Kimble Company as part of a Public/Private Partnership towards the building of an access road that will benefit the company. The road will be maintained by the City as their asset.
- Total governmental capital assets increased due to current year additions of capital assets in the form of vehicles, equipment, buildings and improvements and infrastructure. This was slightly offset by an additional year of depreciation expense being taken.
- The business-type activities capital assets increased due to current year additions of capital assets in the form of vehicles, equipment, and infrastructure. The large increase in non-depreciable capital assets is due to the construction-in-progress of \$2,300,000 for a new water tower and \$80,000 for various water line projects. This was slightly offset by an additional year of depreciation expense being taken.

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.

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

City of Streetsboro
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

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.

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.

City of Streetsboro
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

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

The City of Streetsboro as a Whole

The Statement of Net Position provides an overall view of the City. Table 1 shows a summary of the City's net position for 2014 as they compare to 2013.

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Current and Other Assets	\$14,682,272	\$12,041,362	\$4,874,558	\$8,479,703	\$19,556,830	\$20,521,065
Capital Assets, Net	17,062,799	15,820,641	9,044,000	5,696,897	26,106,799	21,517,538
<i>Total Assets</i>	<i>31,745,071</i>	<i>27,862,003</i>	<i>13,918,558</i>	<i>14,176,600</i>	<i>45,663,629</i>	<i>42,038,603</i>
Deferred Outflows of Resources						
Deferred Charge on Refunding	\$36,593	\$44,036	\$0	\$0	\$36,593	\$44,036

City of Streetsboro
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

(Table 1)
Net Position (continued)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Liabilities						
Current Liabilities	\$2,422,957	\$717,083	\$55,651	\$205,924	\$2,478,608	\$923,007
Long-term Liabilities						
Due within one Year	864,205	891,149	155,361	120,467	1,019,566	1,011,616
Due in More than one Year	6,285,531	6,847,450	3,785,293	3,942,001	10,070,824	10,789,451
<i>Total Liabilities</i>	<u>9,572,693</u>	<u>8,455,682</u>	<u>3,996,305</u>	<u>4,268,392</u>	<u>13,568,998</u>	<u>12,724,074</u>
Deferred Inflows of Resources						
Payments in Lieu of Taxes	100,000	100,000	0	0	100,000	100,000
Property Taxes	1,124,230	1,126,049	0	0	1,124,230	1,126,049
<i>Total Deferred Inflows of Resources</i>	<u>1,224,230</u>	<u>1,226,049</u>	<u>0</u>	<u>0</u>	<u>1,224,230</u>	<u>1,226,049</u>
Net Position						
Net Investment in Capital Assets	15,444,637	13,897,604	5,138,583	1,668,671	20,583,220	15,566,275
Restricted for:						
Capital Projects	62,326	32,135	0	0	62,326	32,135
Debt Service	359,882	171,975	0	0	359,882	171,975
Other Purposes	2,104,188	1,704,159	0	0	2,104,188	1,704,159
Unrestricted	3,013,708	2,418,435	4,783,670	8,239,537	7,797,378	10,657,972
<i>Total Net Position</i>	<u>\$20,984,741</u>	<u>\$18,224,308</u>	<u>\$9,922,253</u>	<u>\$9,908,208</u>	<u>\$30,906,994</u>	<u>\$28,132,516</u>

By comparing assets and deferred outflows of resources and liabilities and deferred inflows of resources, one can see the position of the City has increased as evidenced by increases in both governmental and business-type net position. Governmental capital assets increased due to additions in buildings and improvements, equipment, vehicles and infrastructure. Business-type current and other assets decreased due to spending general obligation bond proceeds that is being used towards the building of a water tower. Governmental long-term liabilities decreased as a result of making the 2014 payments of long-term debt. Business-type debt decreased due to the 2014 payments of long-term debt. The increase in governmental current liabilities is due in large to the contribution from the Kimble Company for an access road that is shown in the statements as an unearned revenue. Upon completion of the project, the road will become part of the City's capital assets and the unearned revenue will be recorded as current year revenue. 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.

City of Streetsboro
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

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 2014 and 2013.

(Table 2)
Changes in Net Position

	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Program Revenues						
Charges for Services and Assessments	\$1,241,591	\$1,117,970	\$2,804,695	\$3,321,013	\$4,046,286	\$4,438,983
Operating Grants and Contributions	1,061,149	1,119,788	0	0	1,061,149	1,119,788
Capital Grants and Assessments	827,921	180,845	0	0	827,921	0
<i>Total Program Revenues</i>	<u>3,130,661</u>	<u>2,418,603</u>	<u>2,804,695</u>	<u>3,321,013</u>	<u>5,107,435</u>	<u>5,558,771</u>
General Revenues						
Property and Other Local Taxes	1,132,021	1,157,132	0	0	1,132,021	1,157,132
Income Taxes	10,592,722	11,168,109	0	0	10,592,722	11,168,109
Grants and Entitlements	283,588	527,895	0	0	283,588	527,895
Payment in Lieu of Taxes	84,778	101,191	0	0	84,778	101,191
Hotel/Motel Tax	626,007	605,175	0	0	626,007	605,175
Interest	2,738	4,158	482	774	3,220	4,932
Miscellaneous	414,749	412,943	42,067	6,777	456,816	419,720
<i>Total General Revenues</i>	<u>13,136,603</u>	<u>13,976,603</u>	<u>42,549</u>	<u>7,551</u>	<u>13,179,152</u>	<u>13,984,154</u>
<i>Total Revenues</i>	<u>16,267,264</u>	<u>16,395,206</u>	<u>2,847,244</u>	<u>3,328,564</u>	<u>18,286,587</u>	<u>19,542,925</u>
Program Expenses						
General Government	3,888,612	4,464,268	0	0	3,888,612	4,464,268
Security of Persons and Property	5,773,109	5,822,616	0	0	5,773,109	5,822,616
Public Health Services	48,901	50,350	0	0	48,901	50,350
Transportation	1,718,243	1,527,156	0	0	1,718,243	1,527,156
Community Development	573,378	622,534	0	0	573,378	622,534
Basic Utility Services	862,692	962,276	0	0	862,692	962,276
Leisure Time Activities	443,752	541,336	0	0	443,752	541,336
Interest and Fiscal Charges	176,605	91,639	0	0	176,605	91,639
Water	0	0	2,854,738	2,901,483	2,854,738	2,901,483
<i>Total Program Expenses</i>	<u>13,485,292</u>	<u>14,082,175</u>	<u>2,854,738</u>	<u>2,901,483</u>	<u>16,340,030</u>	<u>16,983,658</u>
Transfers	(21,539)	(21,695)	21,539	21,695	0	0
<i>Change in Net Position</i>	<u>2,760,433</u>	<u>2,291,336</u>	<u>14,045</u>	<u>448,776</u>	<u>2,774,478</u>	<u>2,740,112</u>
<i>Net Position Beginning of Year</i>	<u>18,224,308</u>	<u>15,932,972</u>	<u>9,908,208</u>	<u>9,459,432</u>	<u>28,132,516</u>	<u>25,392,404</u>
<i>Net Position End of Year</i>	<u>\$20,984,741</u>	<u>\$18,224,308</u>	<u>\$9,922,253</u>	<u>\$9,908,208</u>	<u>\$30,906,994</u>	<u>\$28,132,516</u>

Governmental program revenues increased in 2014 due to increases in capital grants received by the capital improvements fund. The City continues to seek out additional sources of revenue to ensure the stability of the infrastructure is maintained. Governmental charges for services increased due to the City collecting more in permits for building, electrical and plumbing. However, the City saw decreases in collections on engineering and cable franchise fees. Operating grants and contributions saw a minimal decrease from 2013.

City of Streetsboro
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

Total program expenses decreased due to a decrease in general government and basic utility services expenses. Interest and fiscal charges increased due to the first payments on 2013 notes being made in 2014.

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

Governmental Activities

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

General government expenses decreased from 2013 due to retirements of staff being replaced by entry level personnel along with layoffs in the engineering department. This coupled with a decrease in expenses in the CHIP program resulted in the overall general government decrease. Transportation expenses increased from 2013 due to expensing of road maintenance programs.

Business-Type Activities

The City operates one business-type activity, the water distribution system. This activity generates revenues of \$2,847,244. Water expenses for 2014 amounted to \$2,854,738. There were approximately 4,400 customers as of December 31, 2014, with a monthly usage of approximately 40 million gallons per month. The Water Department bills on a quarterly basis.

The City's Funds

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

Enterprise funds are handled in the same manner as governmental funds, with the intent to ensure the strength of these funds. If expenses were to exceed revenue and dramatically affect net position, the City has the power to increase revenue through rate increases. The net position in the water fund decreased because the City's user charges were not sufficient to offset expenses, which included major water line projects to residents who previously had no access to City water.

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 2014, actual revenues for the general fund were more than final estimated revenues due in large part to more income tax and fees, licenses

City of Streetsboro
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

and permits revenues collected than expected. The City actively seeks out additional sources of funding to maintain services. Actual expenditures were less than final appropriations due to management's effort to control costs and ensure economic stability going forward.

The original revenue and expenditure budget is designed to be very conservative requiring additional spending requests to be approved by Council throughout the year. During the course of 2014, the City amended its general fund budget numerous times, in response to conservative revenue projections being surpassed.

Capital Assets and Long-term Obligations

Capital Assets

Total capital assets for the governmental activities, net of accumulated depreciation increased over the prior year because of capital asset additions consisting of paving projects, playground equipment, storm sewer repairs, and the purchase of safety vehicles.

Total capital assets for the business-type activities, net of accumulated depreciation increased because of capital asset additions consisting of waterline projects, construction on the water tower, equipment, and the purchase of vehicles. See Note 9 to the basic financial statements for additional information on capital assets.

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$1,908,840	\$1,908,840	\$547,386	\$547,386	\$2,456,226	\$2,456,226
Construction-in-progress	0	0	2,418,718	0	2,418,718	0
Land Improvements	255,077	297,686	0	0	255,077	297,686
Buildings and Improvements	3,636,452	3,693,573	0	0	3,636,452	3,693,573
Furniture and Equipment	637,254	617,370	182,363	151,896	819,617	769,266
Vehicles	1,199,217	1,363,250	167,661	142,200	1,366,878	1,505,450
Infrastructure - Streets	9,425,959	7,939,922	5,727,872	4,855,415	15,153,831	12,795,337
Total Capital Assets	\$17,062,799	\$15,820,641	\$9,044,000	\$5,696,897	\$26,106,799	\$21,517,538

Long-term Obligations

The long-term obligations include OWDA loans, general obligation bonds, OPWC loans, TIF's, judgments payable, capital leases and compensated absences.

City of Streetsboro
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	\$5,017,352	\$5,469,898	\$3,459,727	\$3,569,806	\$8,477,079	\$9,039,704
OWDA Loans	0	0	445,690	458,420	445,690	458,420
OPWC Loans	201,285	41,805	0	0	201,285	41,805
Tax Incremental Financing Agreement	1,251,132	1,334,244	0	0	1,251,132	1,334,244
Judgments Payable	226,989	356,989	0	0	226,989	356,989
Capital Lease	61,213	182,499	0	0	61,213	182,499
Compensated Absences	391,765	353,164	35,237	34,242	427,002	387,406
Total	\$7,149,736	\$7,738,599	\$3,940,654	\$4,062,468	\$11,090,390	\$11,801,067

The OPWC loans are being paid with monies from the capital improvements capital projects fund.

The OWDA loans are being paid from water enterprise fund user service charges.

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

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

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

Judgments payable - During the State Route 43 project, the City retained services of an outside consultant. The consultant and the City approved change orders related to the project. However, the Ohio Department of Transportation (ODOT) was not notified of these orders. Since ODOT and the City shared the costs associated with the project, ODOT's position is that it should be reimbursed for the change order of which it was not notified. The balance due to ODOT is \$356,989. ODOT has agreed to a 0 percent interest repayment schedule with the first payment due April 1, 2010 and the final payment due April 1, 2016.

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

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

The City of Streetsboro's overall legal debt margin was \$52,379,889 on December 31, 2014. 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, 2014
Unaudited

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 is facing reductions in Federal and State revenue sources along with flat income tax and property tax collections. 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.

(This Page Intentionally Left Blank)

City of Streetsboro, Ohio

Statement of Net Position

December 31, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$8,854,970	\$3,419,631	\$12,274,601
Materials and Supplies Inventory	64,530	0	64,530
Prepaid Items	6,518	0	6,518
Accounts Receivable	386,424	783,400	1,169,824
Intergovernmental Receivable	511,690	0	511,690
Income Taxes Receivable	3,366,008	0	3,366,008
Property Taxes Receivable	1,127,160	0	1,127,160
Payments in Lieu of Taxes Receivable	100,000	0	100,000
Special Assessments Receivable	264,972	671,527	936,499
Nondepreciable Capital Assets	1,908,840	2,966,104	4,874,944
Depreciable Capital Assets, Net	15,153,959	6,077,896	21,231,855
<i>Total Assets</i>	<u>31,745,071</u>	<u>13,918,558</u>	<u>45,663,629</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	36,593	0	36,593
Liabilities			
Accounts Payable	216,447	2,051	218,498
Accrued Wages	236,461	20,871	257,332
Contracts Payable	166,103	14,456	180,559
Intergovernmental Payable	290,578	7,360	297,938
Unearned Revenue	1,500,000	0	1,500,000
Accrued Interest Payable	13,368	10,913	24,281
Long-Term Liabilities:			
Due Within One Year	864,205	155,361	1,019,566
Due In More Than One Year	6,285,531	3,785,293	10,070,824
<i>Total Liabilities</i>	<u>9,572,693</u>	<u>3,996,305</u>	<u>13,568,998</u>
Deferred Inflows of Resources			
Payments in Lieu of Taxes	100,000	0	100,000
Property Taxes	1,124,230	0	1,124,230
<i>Total Deferred Inflows of Resources</i>	<u>1,224,230</u>	<u>0</u>	<u>1,224,230</u>
Net Position			
Net Investment in Capital Assets	15,444,637	5,138,583	20,583,220
Restricted for:			
Capital Projects	62,326	0	62,326
Debt Service	359,882	0	359,882
Other Purposes	2,104,188	0	2,104,188
Unrestricted	3,013,708	4,783,670	7,797,378
<i>Total Net Position</i>	<u>\$20,984,741</u>	<u>\$9,922,253</u>	<u>\$30,906,994</u>

See accompanying notes to the basic financial statements

City of Streetsboro, Ohio
Statement of Activities
For the Year Ended December 31, 2014

	Program Revenues			
	Expenses	Charges for Services and Assessments	Operating Grants and Contributions	Capital Grants and Assessments
Primary Government				
Governmental Activities:				
General Government	\$3,888,612	\$257,244	\$146,000	\$175,865
Security of Persons and Property	5,773,109	773,593	29,961	0
Public Health Services	48,901	6,112	0	0
Transportation	1,718,243	0	885,188	652,056
Community Development	573,378	37,703	0	0
Basic Utility Services	862,692	50,294	0	0
Leisure Time Activities	443,752	116,645	0	0
Interest and Fiscal Charges	176,605	0	0	0
<i>Total Governmental Activities</i>	13,485,292	1,241,591	1,061,149	827,921
Business-Type Activities:				
Water	2,854,738	2,804,695	0	0
<i>Total - Primary Government</i>	<u>\$16,340,030</u>	<u>\$4,046,286</u>	<u>\$1,061,149</u>	<u>\$827,921</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

Payment in Lieu of Taxes

Hotel/Motel Tax

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
(\$3,309,503)	\$0	(\$3,309,503)
(4,969,555)	0	(4,969,555)
(42,789)	0	(42,789)
(180,999)	0	(180,999)
(535,675)	0	(535,675)
(812,398)	0	(812,398)
(327,107)	0	(327,107)
(176,605)	0	(176,605)
(10,354,631)	0	(10,354,631)
0	(50,043)	(50,043)
(10,354,631)	(50,043)	(10,404,674)
711,420	0	711,420
303,844	0	303,844
116,757		116,757
8,295,840	0	8,295,840
208,807	0	208,807
2,088,075	0	2,088,075
283,588	0	283,588
84,778	0	84,778
626,007	0	626,007
2,738	482	3,220
414,749	42,067	456,816
13,136,603	42,549	13,179,152
(21,539)	21,539	0
13,115,064	64,088	13,179,152
2,760,433	14,045	2,774,478
18,224,308	9,908,208	28,132,516
\$20,984,741	\$9,922,253	\$30,906,994

City of Streetsboro, Ohio

Balance Sheet

Governmental Funds

December 31, 2014

	General	General Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$3,115,293	\$2,398,253	\$3,341,424	\$8,854,970
Materials and Supplies Inventory	20,669	0	43,861	64,530
Accounts Receivable	199,432	0	186,992	386,424
Intergovernmental Receivable	129,258	0	382,432	511,690
Prepaid Items	6,518	0	0	6,518
Income Taxes Receivable	2,625,486	673,202	67,320	3,366,008
Property Taxes Receivable	738,484	0	388,676	1,127,160
Payments in Lieu of Taxes Receivable	0	0	100,000	100,000
Special Assessments Receivable	0	58,285	206,687	264,972
<i>Total Assets</i>	<u>\$6,835,140</u>	<u>\$3,129,740</u>	<u>\$4,717,392</u>	<u>\$14,682,272</u>
Liabilities				
Accounts Payable	\$90,760	\$67,396	\$58,291	\$216,447
Accrued Wages	224,771	0	11,690	236,461
Contracts Payable	6,702	159,401	0	166,103
Intergovernmental Payable	285,385	0	5,193	290,578
Unearned Revenue	0	1,500,000	0	1,500,000
<i>Total Liabilities</i>	<u>607,618</u>	<u>1,726,797</u>	<u>75,174</u>	<u>2,409,589</u>
Deferred Inflows of Resources				
Payments in Lieu of Taxes	0	0	100,000	100,000
Property Taxes	736,564	0	387,666	1,124,230
Unavailable Revenue	1,512,136	397,830	637,073	2,547,039
<i>Total Deferred Inflows of Resources</i>	<u>2,248,700</u>	<u>397,830</u>	<u>1,124,739</u>	<u>3,771,269</u>
Fund Balances				
Nonspendable	27,187	0	43,861	71,048
Restricted	0	0	2,443,299	2,443,299
Committed	114,137	1,005,113	1,030,319	2,149,569
Assigned	261,279	0	0	261,279
Unassigned	3,576,219	0	0	3,576,219
<i>Total Fund Balances</i>	<u>3,978,822</u>	<u>1,005,113</u>	<u>3,517,479</u>	<u>8,501,414</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$6,835,140</u>	<u>\$3,129,740</u>	<u>\$4,717,392</u>	<u>\$14,682,272</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, 2014*

Total Governmental Fund Balances	\$8,501,414
 <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.	17,062,799
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	2,930
Income Taxes	1,697,722
Charges for Services	227,688
Special Assessments	264,972
Intergovernmental	353,727
	2,547,039
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(13,368)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
General Obligation Bonds	(5,017,352)
OPWC Loans Payable	(201,285)
Tax Incremental Financing Agreement	(1,251,132)
Judgements Payable	(226,989)
Capital Leases Payable	(61,213)
Compensated Absences	(391,765)
Deferred Charge on Refunding	36,593
	(7,113,143)
 <i>Net Position of Governmental Activities</i>	 \$20,984,741

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, 2014

	General	General Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$728,096	\$0	\$429,378	\$1,157,474
Income Taxes	8,516,142	2,144,562	214,456	10,875,160
Special Assessments	0	5,331	17,445	22,776
Payment In Lieu of Taxes	0	0	84,778	84,778
Hotel/Motel Tax	471,345	0	154,662	626,007
Intergovernmental	263,221	588,440	1,086,923	1,938,584
Interest	2,047	0	691	2,738
Fees, Licenses and Permits	203,038	0	102,224	305,262
Fines and Forfeitures	95,303	0	43,554	138,857
Rentals	0	0	1,351	1,351
Charges for Services	196,533	0	298,640	495,173
Cable Franchise Fees	207,912	0	0	207,912
Other	350,990	8,467	55,292	414,749
<i>Total Revenues</i>	<u>11,034,627</u>	<u>2,746,800</u>	<u>2,489,394</u>	<u>16,270,821</u>
Expenditures				
Current:				
General Government	3,657,579	0	183,764	3,841,343
Security of Persons and Property	5,263,806	0	137,599	5,401,405
Public Health Services	0	0	43,020	43,020
Leisure Time Activities	311,291	0	83,626	394,917
Community Development	538,965	0	12,133	551,098
Transportation	0	0	728,359	728,359
Basic Utility Services	716,651	0	0	716,651
Capital Outlay	0	2,757,330	78,121	2,835,451
Debt Service:				
Principal Retirement	0	240,093	559,134	799,227
Interest and Fiscal Charges	0	5,868	205,168	211,036
<i>Total Expenditures</i>	<u>10,488,292</u>	<u>3,003,291</u>	<u>2,030,924</u>	<u>15,522,507</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>546,335</u>	<u>(256,491)</u>	<u>458,470</u>	<u>748,314</u>
Other Financing Sources (Uses)				
OPWC Loans Issued	0	179,309	0	179,309
Transfers In	0	0	301,496	301,496
Transfers Out	(301,496)	0	(21,539)	(323,035)
<i>Total Other Financing Sources (Uses)</i>	<u>(301,496)</u>	<u>179,309</u>	<u>279,957</u>	<u>157,770</u>
<i>Net Change in Fund Balances</i>	244,839	(77,182)	738,427	906,084
<i>Fund Balances Beginning of Year</i>	<u>3,733,983</u>	<u>1,082,295</u>	<u>2,779,052</u>	<u>7,595,330</u>
<i>Fund Balances End of Year</i>	<u>\$3,978,822</u>	<u>\$1,005,113</u>	<u>\$3,517,479</u>	<u>\$8,501,414</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, 2014*

Net Change in Fund Balances - Total Governmental Funds \$906,084

*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	2,396,969
Current Year Depreciation	(1,154,811)

Total	1,242,158
-------	-----------

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

Delinquent Property Taxes	(25,453)
Income Taxes	(282,438)
Intergovernmental	(5,407)
Charges for Services	93,036
Special Assessments	216,705

Total	(3,557)
-------	---------

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 799,227

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	34,328
Amortization of Premium	7,546
Amortization of Deferred Charge on Refunding	(7,443)

Total	34,431
-------	--------

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (38,601)

Other financing sources, such as OPWC loans issued, in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues in the statement of activities. (179,309)

<i>Change in Net Position of Governmental Activities</i>	\$2,760,433
--	-------------

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, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$722,522	\$731,000	\$728,096	(\$2,904)
Income Taxes	8,426,544	8,525,425	8,580,148	54,723
Hotel/Motel Taxes	444,780	450,000	471,345	21,345
Intergovernmental	246,660	249,554	274,481	24,927
Interest	2,372	2,400	2,047	(353)
Fees, Licenses and Permits	173,524	175,560	217,593	42,033
Fines and Forfeitures	98,840	100,000	95,303	(4,697)
Charges for Services	181,668	183,800	199,473	15,673
Cable Franchise Fees	222,390	225,000	207,912	(17,088)
Other	381,050	397,807	358,065	(39,742)
<i>Total Revenues</i>	<u>10,900,350</u>	<u>11,040,546</u>	<u>11,134,463</u>	<u>93,917</u>
Expenditures				
Current:				
General Government	4,188,749	4,085,423	3,955,580	129,843
Security of Persons and Property	5,394,112	5,409,368	5,239,721	169,647
Leisure Time Activities	345,564	333,626	316,512	17,114
Community Development	605,801	590,491	567,994	22,497
Basic Utility Services	707,571	770,957	738,791	32,166
<i>Total Expenditures</i>	<u>11,241,797</u>	<u>11,189,865</u>	<u>10,818,598</u>	<u>371,267</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(341,447)	(149,319)	315,865	465,184
Other Financing Sources (Uses)				
Transfers Out	<u>0</u>	<u>(301,496)</u>	<u>(301,496)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(341,447)	(450,815)	14,369	465,184
<i>Fund Balance Beginning of Year</i>	2,322,787	2,322,787	2,322,787	0
Prior Year Encumbrances Appropriated	<u>336,840</u>	<u>336,840</u>	<u>336,840</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,318,180</u>	<u>\$2,208,812</u>	<u>\$2,673,996</u>	<u>\$465,184</u>

See accompanying notes to the basic financial statements

City of Streetsboro, Ohio
Statement of Fund Net Position
Enterprise Fund
December 31, 2014

	Water
Assets	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$3,419,631
Receivables:	
Accounts	783,400
Special Assessments	671,527
<i>Total Current Assets</i>	4,874,558
<i>Noncurrent Assets:</i>	
Capital Assets:	
Nondepreciable Capital Assets	2,966,104
Depreciable Capital Assets, Net	6,077,896
<i>Total Noncurrent Assets</i>	9,044,000
<i>Total Assets</i>	13,918,558
Liabilities	
<i>Current Liabilities:</i>	
Accounts Payable	2,051
Accrued Wages	20,871
Contracts Payable	14,456
Intergovernmental Payable	7,360
Accrued Interest Payable	10,913
General Obligation Bonds Payable	140,000
OWDA Loans Payable	13,376
Compensated Absences Payable	1,985
<i>Total Current Liabilities</i>	211,012
<i>Long-Term Liabilities (net of current portion):</i>	
General Obligation Bonds Payable	3,319,727
OWDA Loans Payable	432,314
Compensated Absences Payable	33,252
<i>Total Long-Term Liabilities</i>	3,785,293
<i>Total Liabilities</i>	3,996,305
Net Position	
Net Investment in Capital Assets	5,138,583
Unrestricted	4,783,670
<i>Total Net Position</i>	\$9,922,253

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, 2014*

	Water
Operating Revenues	
Charges for Services	\$2,668,202
Special Assessments	136,493
Other	42,067
<i>Total Operating Revenues</i>	<i>2,846,762</i>
Operating Expenses	
Personal Services	495,223
Fringe Benefits	233,209
Materials and Supplies	77,944
Contractual Services	1,487,453
Depreciation	408,828
Other	1,065
<i>Total Operating Expenses</i>	<i>2,703,722</i>
<i>Operating Income (Loss)</i>	<i>143,040</i>
Non-Operating Revenues (Expenses)	
Interest	482
Interest and Fiscal Charges	(151,016)
<i>Total Non-Operating Revenues (Expenses)</i>	<i>(150,534)</i>
<i>Income (Loss) before Transfers</i>	<i>(7,494)</i>
Transfers In	21,539
<i>Change in Net Position</i>	<i>14,045</i>
<i>Net Position Beginning of Year</i>	<i>9,908,208</i>
<i>Net Position End of Year</i>	<i>\$9,922,253</i>

See accompanying notes to the basic financial statements

City of Streetsboro, Ohio
Statement of Cash Flows
Enterprise Fund
For the Year Ended December 31, 2014

	Water
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Customers	\$2,721,663
Special Assessments	148,677
Other Cash Receipts	42,067
Cash Payments to Employees for Services	(728,049)
Cash Payments for Goods and Services	(1,681,292)
Other Cash Payments	(1,065)
<i>Net Cash Provided by (Used for) Operating Activities</i>	502,001
Cash Flows from Capital and Related Financing Activities	
Principal Paid on OWDA Loans	(105,000)
Interest Paid on OWDA Loans	(181,052)
Payments for Capital Acquisitions	(3,755,931)
<i>Net Cash Provided by (Used for)</i> <i>Capital and Related Financing Activities</i>	(4,041,983)
Cash Flows from Investing Activities	
Interest on Investments	482
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(3,539,500)
<i>Cash and Cash Equivalents Beginning of Year</i>	6,959,131
<i>Cash and Cash Equivalents End of Year</i>	\$3,419,631
	(continued)

City of Streetsboro, Ohio
Statement of Cash Flows
Enterprise Fund (continued)
For the Year Ended December 31, 2014

	Water
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating Income (Loss)	\$143,040
Adjustments:	
Depreciation	408,828
<i>(Increase) Decrease in Assets:</i>	
Accounts Receivable	53,461
Special Assessments	12,184
<i>Increase (Decrease) in Liabilities:</i>	
Accounts Payable	(2,436)
Contracts Payable	7,538
Accrued Wages	1,312
Compensated Absences Payable	995
Intergovernmental Payable	(122,921)
<i>Total Adjustments</i>	358,961
<i>Net Cash Provided by (Used for) Operating Activities</i>	\$502,001

Noncash Capital and Related Financing Activities

During 2014, the Special Assessment bond retirement fund paid \$7,056 in principal and \$14,483 in interest on an Ohio Water Development Loan for the water enterprise fund.

See accompanying notes to the basic financial statements

City of Streetsboro, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2014

Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$109,442</u></u>
Liabilities	
Undistributed Monies	<u><u>\$109,442</u></u>

See accompanying notes to the basic financial statements

(This Page Intentionally Left Blank)

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

Note 1 – Description of the City and Reporting Entity

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

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Streetsboro, this includes the agencies and departments that provide the following services: police and fire fighting forces, a street maintenance department, a park and recreation system, planning and zoning, and a staff to provide the necessary support to these service providers. The operation of each of these activities is directly controlled by City Council through the budgetary process.

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

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City’s governmental and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

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, 2014

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency fund accounts for and reports deposits in escrow held by the City.

Measurement Focus

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

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

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

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

Basis of Accounting

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

Unearned Revenue Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because the amounts have not yet been earned. The City recognizes unearned revenue for the monies provided from Kimble Company for the building of an access road that benefits the company.

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

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 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 include a deferred charge on refunding reported in the government-wide statement of net position. 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.

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 as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include payments in lieu of taxes, property taxes 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, 2014, but which were levied to finance 2015 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, special assessments and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

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 2014, investments were limited to STAR Ohio (State Treasury Asset Reserve of Ohio), money market accounts and repurchase agreements all reported at cost.

The City of Streetsboro has invested in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 2014. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share which is the price the investment could be sold at December 31, 2014.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2014 amounted to \$2,047, of which \$1,237 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, 2014, 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.

Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$5,000 with the exception of land as land was included regardless of cost. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

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

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

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

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive the 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 all accumulated unused vacation time when earned for all employees.

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

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments 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. Long-term loans and capital leases are recognized as a liability on the governmental fund financial statements when due.

Fund Balance

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

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

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 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.

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.

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

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.

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may 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.

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

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 received in the year the bonds are issued.

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:

	<u>General</u>
GAAP Basis	\$244,839
Net Adjustment for Revenue Accruals	99,836
Net Adjustment for Expenditures Accruals	110,991
Encumbrances	<u>(441,297)</u>
Budget Basis	<u><u>\$14,369</u></u>

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:

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

Fund Balances	General	General Capital Improvements	Other Governmental Funds	Total
<i>Nonspendable</i>				
Prepays	\$6,518	\$0	\$0	\$6,518
Inventory	20,669	0	43,861	64,530
<i>Total Nonspendable</i>	27,187	0	43,861	71,048
<i>Restricted for</i>				
Debt Service Payments	0	0	611,200	611,200
General Government	0	0	223,758	223,758
Public Safety	0	0	251,608	251,608
Street Maintenance	0	0	416,220	416,220
Community Development	0	0	860,169	860,169
Public Health and Welfare	0	0	79,231	79,231
Capital Improvements	0	0	1,113	1,113
<i>Total Restricted</i>	0	0	2,443,299	2,443,299
<i>Committed to</i>				
Capital Improvements	0	1,005,113	887,835	1,892,948
Recreation	0	0	122,558	122,558
Bureau of Workers' Compensation	111,496	0	0	111,496
Security Modifications	2,641	0	0	2,641
Community Development	0	0	19,926	19,926
<i>Total Committed</i>	114,137	1,005,113	1,030,319	2,149,569
<i>Assigned to</i>				
Purchases on Order	261,279	0	0	261,279
<i>Unassigned</i>	3,576,219	0	0	3,576,219
<i>Total Fund Balances</i>	\$3,978,822	\$1,005,113	\$3,517,479	\$8,501,414

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 deposits 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, 2014

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

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

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

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.

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

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that, in the event of failure of the counterparty, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$2,818,988 of the City's bank balance of \$3,464,839 was uninsured and

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

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

Investments

As of December 31, 2014, the City had the following investments:

	Fair Value	Maturity	Standard and Poor's Rating	Percent of Total Investments
Star Ohio	\$5,485,984	50.1 days	AAAm	N/A
Money Market Accounts	1,001,719	Less than one year	AAA	10.41 %
Repurchase Agreements	3,135,000	Less than one year	AAA	32.58
Total Portfolio	<u>\$9,622,703</u>			

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. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

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

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

Note 6 - Receivables

Receivables at December 31, 2014, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, and accounts (billings for utility service).

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

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

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

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2014 for real and public utility property taxes represents collections of 2013 taxes.

2014 real property taxes were levied after October 1, 2014, on the assessed value as of January 1, 2014, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2014 real property taxes are collected in and intended to finance 2015.

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. 2014 public utility property taxes which became a lien December 31, 2013, are levied after October 1, 2014, and are collected in 2015 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2014, was \$2.90 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2014 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	
Residential/Agricultural	\$259,117,390
Other Real Estate	160,209,690
Tangible Personal Property	
Public Utility	8,192,560
Total Assessed Values	<u><u>\$427,519,640</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2014, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2014 operations is offset to deferred inflows of resources – property taxes. On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

Income Taxes

The City levies a 2.0 percent income tax on substantially all income earned within the City. In addition, City residents are required to pay tax on income earned outside of the City. The City allows a credit of one hundred percent for income tax paid to another municipality, not to exceed two percent of taxable income. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the Regional Income Tax Agency (RITA) either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. By City Ordinance,

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

effective January 1, 2012, seventy-eight percent of income tax proceeds were credited to the general fund, twenty percent of income tax proceeds were credited to the capital improvement capital projects fund, and two percent were credited to the debt service (bond retirement) fund.

Payments in Lieu of Taxes

According to State law, the City has established several tax incremental financing districts within the City under which the City has granted property tax exemptions and agreed to construct certain infrastructure improvements. The property owners have agreed to make payments to the City to help pay the costs of the infrastructure improvements. The amount of those payments generally reflects all or a portion of the property taxes which the property owners would have paid if the property had not been declared exempt. The property owners' contractual promise to make these payments in lieu of taxes generally continues until the costs of the improvement have been paid or the agreement expires, whichever occurs first. Future development by these owners or others may result in subsequent agreements to make payments in lieu of taxes and may therefore spread the costs of the improvements to a larger number of property owners.

Intergovernmental Receivables

A summary of intergovernmental receivables follows:

	Amounts
Governmental Activities	
Gasoline and Municipal Cents per Gallon	\$199,049
Local Government	192,021
Permissive Tax	62,863
Homestead and Rollback	57,124
Commercial Activity Tax	633
Total	\$511,690

Note 7 - 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. All accumulated, unused vacation time is paid upon separation if the employee has acquired at least one year of service with the City. 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, provided the employee has ten or more years' service with the City prior to the date of retirement or death.

Note 8 - 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, if any, on the financial condition of the City.

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

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, 2014.

Note 9 - Capital Assets

Capital asset activity for the year ended December 31, 2014, was as follows:

Governmental Activities	Balance 12/31/2013	Additions	Deductions	Balance 12/31/2014
<i>Capital Assets not being Depreciated:</i>				
Land	\$1,908,840	\$0	\$0	\$1,908,840
<i>Capital Assets being Depreciated:</i>				
Land Improvements	1,142,703	0	0	1,142,703
Buildings and Improvements	5,915,379	69,331	0	5,984,710
Furniture and Equipment	3,170,835	126,528	0	3,297,363
Vehicles	4,806,840	142,140	0	4,948,980
Infrastructure	10,621,507	2,058,970	0	12,680,477
Total Capital Assets being Depreciated	25,657,264	2,396,969	0	28,054,233
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(845,017)	(42,609)	0	(887,626)
Buildings and Improvements	(2,221,806)	(126,452)	0	(2,348,258)
Furniture and Equipment	(2,553,465)	(106,644)	0	(2,660,109)
Vehicles	(3,443,590)	(306,173)	0	(3,749,763)
Infrastructure - Streets	(2,681,585)	(572,933)	0	(3,254,518)
Total Accumulated Depreciation	(11,745,463)	(1,154,811) *	0	(12,900,274)
Total Capital Assets being Depreciated, Net	13,911,801	1,242,158	0	15,153,959
Governmental Activities Capital Assets, Net	\$15,820,641	\$1,242,158	\$0	\$17,062,799

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

*Depreciation expense was charged to governmental activities as follows:

General Government	\$49,404
Security of Persons and Property	325,889
Public Health Services	5,881
Transportation	550,795
Community Development	25,486
Basic Utility Services	148,001
Leisure Time Activities	49,355
Total Depreciation Expense	<u><u>\$1,154,811</u></u>

	Balance 12/31/2013	Additions	Deductions	Balance 12/31/2014
Business Type Activities:				
<i>Capital Assets not being Depreciated:</i>				
Land	\$547,386	\$0	\$0	\$547,386
Construction in Progress	0	2,418,718	0	2,418,718
<i>Total Capital Assets not being Depreciated</i>	<u>547,386</u>	<u>2,418,718</u>	<u>0</u>	<u>2,966,104</u>
<i>Capital Assets being Depreciated:</i>				
Furniture and Equipment	780,000	70,450	0	850,450
Vehicles	319,039	61,516	0	380,555
Infrastructure	10,431,784	1,205,247	0	11,637,031
Total Capital Assets being Depreciated	<u>11,530,823</u>	<u>1,337,213</u>	<u>0</u>	<u>12,868,036</u>
<i>Less Accumulated Depreciation:</i>				
Furniture and Equipment	(628,104)	(39,983)	0	(668,087)
Vehicles	(176,839)	(36,055)	0	(212,894)
Infrastructure	(5,576,369)	(332,790)	0	(5,909,159)
<i>Total Accumulated Depreciation</i>	<u>(6,381,312)</u>	<u>(408,828)</u>	<u>0</u>	<u>(6,790,140)</u>
Total Capital Assets being Depreciated, Net	<u>5,149,511</u>	<u>928,385</u>	<u>0</u>	<u>6,077,896</u>
Business Type Activities Capital Assets, Net	<u><u>\$5,696,897</u></u>	<u><u>\$3,347,103</u></u>	<u><u>\$0</u></u>	<u><u>\$9,044,000</u></u>

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

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
Business-Type Activities:			
2013 Various Purpose General Obligation Bond			
Serial	2.0-4.75%	\$2,970,000	2030
Term	5.00	505,000	2032
OWDA - Briar Root Manor Waterline	5.01	482,065	2034
Governmental Activities:			
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	2030
<i>Ohio Public Works Commission Loans</i>			
Aurora Hudson and Wellman	0.00	33,171	2017
State Route 303 Superior and Mount Vernon	0.00	48,291	2015
Seasons Road	0.00	179,309	2030
Tax Incremental Financing Agreement	0.00	2,204,109	2020
Judgments	0.00	616,989	2016

A schedule of changes in bonds and other long-term obligations of the City during 2014 follows:

	Amount Outstanding 12/31/2013	Additions	Deletions	Amount Outstanding 12/31/2014	Amounts Due In One Year
Business-Type Activities:					
2013 Various Purpose General Obligation Bond					
Serial	\$2,970,000	\$0	(\$105,000)	\$2,865,000	\$140,000
Term	505,000	0	0	505,000	0
Premium	94,806	0	(5,079)	89,727	0
Total General Obligation Bonds	3,569,806	0	(110,079)	3,459,727	140,000
OWDA Briar Root Manor Waterline	458,420	0	(12,730)	445,690	13,376
Compensated Absences	34,242	3,732	(2,737)	35,237	1,985
<i>Total Business-Type Activities Obligations</i>	<u>\$4,062,468</u>	<u>\$3,732</u>	<u>(\$125,546)</u>	<u>\$3,940,654</u>	<u>\$155,361</u>

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

	Amount Outstanding 12/31/2013	Additions	Deletions	Amount Outstanding 12/31/2014	Amounts Due In One Year
Governmental Activities Obligations:					
2010 Limited Tax General Obligation Refunding Bonds					
Serial	\$1,690,000	\$0	(\$305,000)	\$1,385,000	\$305,000
Premium	8,733	0	(1,476)	7,257	0
2013 Various Purpose General Obligation Bond					
Serial	3,670,000	0	(140,000)	3,530,000	175,000
Premium	101,165	0	(6,070)	95,095	0
Total General Obligation Bonds	<u>5,469,898</u>	<u>0</u>	<u>(452,546)</u>	<u>5,017,352</u>	<u>480,000</u>
<i>Ohio Public Works Commission Loans</i>					
Aurora Hudson and Wellman	21,109	0	(6,031)	15,078	6,031
State Route 303 Superior and Mount Vernon	20,696	0	(13,798)	6,898	6,898
Seasons Road	0	179,309	0	179,309	11,954
Total Ohio Public Works Commission Loans	<u>41,805</u>	<u>179,309</u>	<u>(19,829)</u>	<u>201,285</u>	<u>24,883</u>
Tax Incremental Financing Agreement	1,334,244	0	(83,112)	1,251,132	85,000
Judgements	356,989	0	(130,000)	226,989	130,000
Capital Lease	182,499	0	(121,286)	61,213	61,213
Compensated Absences	353,164	110,636	(72,035)	391,765	83,109
<i>Total Governmental Activities Obligations</i>	<u><u>\$7,738,599</u></u>	<u><u>\$289,945</u></u>	<u><u>(\$878,808)</u></u>	<u><u>\$7,149,736</u></u>	<u><u>\$864,205</u></u>

OWDA loans will be paid from water enterprise fund user service charges. The OPWC loans will be paid with monies from the capital improvements capital projects fund. Capital leases will be paid from the following funds: the street maintenance and repair special revenue fund and the capital improvement 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.

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

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

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

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

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

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

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

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

During 2010, the City was party to a lawsuit due to the City denying a developer permission to develop land that was owned by the developer in prior years. The City determined there was potential for a verdict against the City that could exceed \$9,000,000. The City agreed to a settlement of \$4,600,000. The City issued bond anticipation notes in January 2011 to finance this liability and used the proceeds of the notes to pay the judgment in full.

The City's overall legal debt margin was \$52,379,889 at December 31, 2014. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2014, are as follows:

Business-Type Activities:

	General Obligation Bonds					
	OWDA Loans		Serial		Term	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$13,376	\$22,163	\$140,000	\$105,700	\$0	\$25,250
2016	14,054	21,485	145,000	102,900	0	25,250
2017	14,767	20,772	150,000	100,000	0	25,250
2018	15,516	20,023	150,000	97,000	0	25,250
2019	16,303	19,236	155,000	94,000	0	25,250
2020 - 2024	94,793	82,902	855,000	389,625	0	126,250
2025 - 2029	121,402	56,293	1,035,000	201,200	0	126,250
2030- 2034	155,479	22,216	235,000	11,162	505,000	63,500
Total	<u>\$445,690</u>	<u>\$265,090</u>	<u>\$2,865,000</u>	<u>\$1,101,587</u>	<u>\$505,000</u>	<u>\$442,250</u>

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

Governmental Activities:

	Various Purpose		OPWC		Totals
	General Obligation Bonds		Loans	Judgments	
	Principal	Interest	Principal	Principal	
2015	\$480,000	\$157,363	\$24,883	\$130,000	\$792,246
2016	490,000	148,100	17,985	96,989	753,074
2017	435,000	139,131	14,970	0	589,101
2018	440,000	129,746	11,954	0	581,700
2019	455,000	119,374	11,954	0	586,328
2020 - 2024	1,045,000	480,355	59,770	0	1,585,125
2025 - 2029	1,280,000	248,924	59,769	0	1,588,693
2030	290,000	13,775	0	0	303,775
Total	<u>\$4,915,000</u>	<u>\$1,436,768</u>	<u>\$201,285</u>	<u>\$226,989</u>	<u>\$6,780,042</u>

Note 11 – Capital Lease

In prior years, the City had entered into capital lease agreements for the acquisition of dump trucks and various fire vehicles. These lease obligations meet the criteria of a capital lease and have been recorded on the government-wide statements. The original amounts capitalized for the capital leases and the book values as of December 31, 2014 are as follows:

	Governmental Activities Amounts
Vehicles	\$560,358
Less: Accumulated Depreciation	<u>(349,839)</u>
Current Book Value	<u>\$210,519</u>

The 2015 capital lease principal and interest payments are \$61,213 and \$2,037, respectively.

Capital lease payments have been reclassified and are reflected as debt service in the fund financial statements for the street maintenance special revenue and general capital improvements capital projects funds. These expenditures are reflected as program expenditures on a budgetary basis.

Note 12 - Interfund Transfers

Interfund transfers for the year ended December 31, 2014 consisted of a transfer from the general fund to the general obligation bond retirement debt service fund in the amount of \$252,000 to pay the principal due on the 2012 refunding note. The general fund transferred to the revolving loan special revenue fund \$49,496 to correct a 2013 transfer from the revolving loan special revenue fund to the general fund. The special assessment bond retirement debt service fund transferred \$21,539 to the water enterprise fund to pay for the water fund's portion of the OWDA loan.

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

Note 13 - 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 2014, 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	-
Annual aggregate	8,000,000	-
Employer's liability	6,000,000	-
Employee benefits liability:		
Each occurrence	6,000,000	-
Annual aggregate	8,000,000	-
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)	16,742,455	1,000
Boiler and machinery	Included	
Inland marine:		
Special property	962,709	1,000
Electronic equipment	150,000	1,000
Automobile coverage:		
Liability	6,000,000	500
Medical Payments	-	-

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 14 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description - The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the combined plan, OPERS invests

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

employer contributions to provide a formula retirement benefit similar in nature to, but less than, the traditional plan benefit. Member contributions, the investment of which is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to the Ohio Public Employees Retirement System, 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 statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2014, members in state and local classifications contributed 10 percent of covered payroll. For 2014, member and employer contribution rates were consistent across all three plans.

The City's 2014 contribution rate was 14 percent. The portion of the City's contribution used to fund pension benefits is net of postemployment health care benefits. The portion of the City's contribution allocated to health care for members in both the traditional and combined plans was 2 percent for 2014. Effective January 1, 2015, the portion of the employer contribution allocated to health care remained at 2 percent. Employer contribution rates are actuarially determined.

The City's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2014, 2013 and 2012 was \$376,374, \$325,331 and \$319,586, respectively. For 2014, 89.41 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012. Contributions to the member-directed plan for 2014 were \$24,913 made by the City and \$17,795 made by plan members.

Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan. OPF 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. OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Employer and employee contribution rates are set by the Ohio Revised Code. From January 1, 2014, through July 1, 2014, plan members were required to contribute 10.75 percent of their annual covered salary. From July 2, 2014, through December 31, 2014, plan members were required to contribute 11.5 percent of their annual covered salary. Throughout 2014, employers were required to contribute 19.5 percent for police officers and 24 percent for firefighters.

The OPF pension fund is authorized by the Ohio Revised Code to allocate a portion of the employer contribution to retiree health care benefits. For 2014, the portion of the City's contribution used to fund pension benefits was 19 percent of covered payroll for police officers and 23.5 percent of covered payroll for firefighters. The City's contribution to OPF for police and firefighters pension was \$370,077 and \$288,744 for the year ended December 31, 2014, \$248,513 and \$198,556 for the year ended December 31, 2013, and

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

\$220,776 and \$206,698 for the year ended December 31, 2012. For 2014, 88.25 percent has been contributed for police and 84.41 percent has been contributed for firefighters with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012.

Note 15 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional 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 postemployment health care plan for qualifying members of both the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment health care coverage. The plan includes a medical plan, a prescription drug program, and Medicare Part B premium reimbursement.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The postemployment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, state and local employers contributed 14 percent of covered payroll. This is the maximum employer contribution rate permitted by the Ohio Revised Code.

Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of the employer contribution allocated to health care for members in both the traditional and combined plans was 2 percent for 2014. Effective January 1, 2015, the portion of the employer contribution allocated to health care remained at 2 percent for both plans as recommended by the OPERS actuary.

The OPERS retirement board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment health care plan.

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

The City's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2014, 2013 and 2012 was \$62,729, \$130,133 and \$127,834, respectively. For 2014, 89.41 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 9, 2012, with a transition plan commencing on January 1, 2014. With the passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contribution toward the health care fund after the end of the transition period.

Ohio Police and Fire Pension Fund

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

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contribution made to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2014, the employer contribution allocated to the health care plan was .5 percent of covered payroll. The amount of employer contribution allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2014

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

The City's contribution to OPF which was allocated to fund postemployment health care benefits for police and firefighters was \$9,739 and \$6,143 for the year ended December 31, 2014, \$131,566 and \$77,696 for the year ended December 31, 2013, and \$116,876 and \$80,882 for the year ended December 31, 2012. For 2014, 88.25 percent has been contributed for police and 84.41 percent has been contributed for firefighters with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012.

Note 16 – Significant Commitments

Encumbrances

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

Governmental Funds		Proprietary Fund	
General	\$441,297	Water	<u>\$1,569,264</u>
General Capital Improvements	688,726		
Other Governmental Funds	98,981		
<i>Total Governmental Funds</i>	<u>\$1,229,004</u>		

Contractual Commitments

As of December 31, 2014, the City had the following contract balances for various construction projects:

Water Tower	\$1,391,107
Philipp Parkway	237,945
2014 Road Program	139,082
BWC - Claims & Employee Safety & Health Programs	111,496
Barbicas - State Route 14 Widening - Lawsuit	28,313
Engineering Services - Sunny Slopes Phases I and II	23,730
Radio Equipment - Cell Tower	22,316
Railroad Approaches - Paving	20,000
Traffic Engineering Study	<u>15,500</u>
Total	<u>\$1,989,489</u>

Remaining commitment amounts were encumbered at year end.

This page intentionally left blank.



Dave Yost • Auditor of State

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

City of Streetsboro
Portage County
9184 State Route 43
Streetsboro, Ohio 44241

To the Honorable Mayor and City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Streetsboro, Portage County, (the City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 20, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

November 20, 2015



Dave Yost • Auditor of State

CITY OF STREETSBORO

PORTAGE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 17, 2015**