

**CITY OF STREETSBORO  
PORTAGE COUNTY, OHIO**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2018**

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



OHIO AUDITOR OF STATE  
KEITH FABER



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City Council  
City of Streetsboro  
9184 Street Route 43  
Streetsboro, Ohio 44241

We have reviewed the *Independent Auditor's Report* of the City of Streetsboro, Portage County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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Keith Faber  
Auditor of State  
Columbus, Ohio

June 24, 2019

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**CITY OF STREETSBORO  
PORTAGE COUNTY, OHIO  
AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

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*Garfield Hts., Ohio 44125*

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Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

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

The Honorable Keith Faber  
Auditor of State  
State of Ohio

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Streetsboro, Portage County, Ohio, (the City) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Streetsboro as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As discussed in Note 16 to the basic financial statements, during 2018, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension and Postemployment Benefit Liabilities and Pension and Postemployment Benefit Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

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

June 4, 2019

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**City of Streetsboro**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2018*  
*Unaudited*

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The discussion and analysis of the City of Streetsboro's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2018. 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 2018 are as follows:

- The City implemented GASB 75, which established standards for measuring and recognizing other postemployment benefit (OPEB) liabilities, deferred outflows/inflows of resources and expense/expenditure. The implementation of this GASB statement resulted in a significant change to the financial statements for the City.
- The City's governmental net position decreased in 2018 due mainly to a decrease in deferred outflows of resources related to the net pension liability coupled with an increase in deferred inflows of resources related to the net pension liability. There was also a decrease in cash and cash equivalents as the City increased spending for capital improvement projects.
- The City made principal payments of \$440,000 on governmental Various Purpose General Obligation Bonds. The City made principal payments of \$150,000 on business-type Various Purpose General Obligation Bonds.
- Governmental capital asset additions included several ongoing infrastructure projects, land for the City Center project, the purchase of various equipment and vehicles, various projects at City Park and storm water improvements, among other items. Governmental capital asset deletions included several vehicles that were used as trade allowances.
- Business-type capital asset additions included some equipment purchases and construction in progress.
- Long-term liabilities decreased in 2018 due to a decrease in the net pension liability and current year debt payments, which was partially offset by an increase in the net OPEB liability.

### **Using this Annual Financial Report**

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

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

**City of Streetsboro**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2018*  
*Unaudited*

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

*Statement of Net Position and the Statement of Activities*

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

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

- Assets
- Deferred Outflows of Resources
- Liabilities
- Deferred Inflows of Resources
- Net Position
- Program Revenues and Expenses
- General Revenues
- Net Position Beginning of Year and Year's End

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

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

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

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

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

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

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**Governmental Funds** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

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

**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 2018 as they compare to 2017.

**City of Streetsboro**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2018*  
*Unaudited*

	(Table 1)					
	<i>Net Position</i>					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Assets</b>						
Current and Other Assets	\$17,814,788	\$18,086,801	\$5,482,325	\$4,602,720	\$23,297,113	\$22,689,521
Noncurrent Assets:						
Net Pension Asset	16,681	0	2,944	0	19,625	0
Capital Assets, Net	24,424,663	22,665,439	9,925,688	10,363,496	34,350,351	33,028,935
<i>Total Assets</i>	42,256,132	40,752,240	15,410,957	14,966,216	57,667,089	55,718,456
<b>Deferred Outflows of Resources</b>						
Deferred Charge on Refunding	195,245	216,146	197,775	211,902	393,020	428,048
Pension	2,686,676	4,280,815	137,948	317,683	2,824,624	4,598,498
OPEB	1,077,609	51,871	29,733	5,981	1,107,342	57,852
<i>Total Deferred Outflows of Resources</i>	3,959,530	4,548,832	365,456	535,566	4,324,986	5,084,398
<b>Liabilities</b>						
Current Liabilities	2,222,782	1,338,524	215,924	220,266	2,438,706	1,558,790
Long-term Liabilities						
Due within one Year	668,187	630,805	174,919	169,981	843,106	800,786
Due in More than one Year						
Net Pension Liability	13,012,366	15,256,654	551,404	808,812	13,563,770	16,065,466
Net OPEB Liability	11,320,197	10,073,092	386,861	366,036	11,707,058	10,439,128
Other Amounts	4,195,166	4,750,164	3,306,557	3,499,934	7,501,723	8,250,098
<i>Total Liabilities</i>	31,418,698	32,049,239	4,635,665	5,065,029	36,054,363	37,114,268
<b>Deferred Inflows of Resources</b>						
Payments in Lieu of Taxes	100,150	100,150	0	0	100,150	100,150
Property Taxes	1,305,996	1,196,478	0	0	1,305,996	1,196,478
Pension	1,606,287	237,375	136,290	10,293	1,742,577	247,668
OPEB	610,841	0	33,022	0	643,863	0
<i>Total Deferred Inflows of Resources</i>	3,623,274	1,534,003	169,312	10,293	3,792,586	1,544,296
<b>Net Position</b>						
Net Investment in Capital Assets	24,033,640	22,013,428	6,482,706	6,737,140	30,516,346	28,750,568
Restricted for:						
Capital Projects	1,113	1,113	0	0	1,113	1,113
Debt Service	286,600	305,007	0	0	286,600	305,007
Other Purposes	2,448,264	2,526,744	0	0	2,448,264	2,526,744
Unrestricted (Deficit)	(15,595,927)	(13,128,462)	4,488,730	3,689,320	(11,107,197)	(9,439,142)
<i>Total Net Position</i>	\$11,173,690	\$11,717,830	\$10,971,436	\$10,426,460	\$22,145,126	\$22,144,290

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement 27." For 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net pension asset and deferred outflows related to pension and OPEB.

**City of Streetsboro**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2018*  
*Unaudited*

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

GASB 68 and GASB 75 require the net pension liability (asset) and the net OPEB liability to equal the City's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract, but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

**City of Streetsboro**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2018*  
*Unaudited*

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

As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating governmental net position at December 31, 2017, from \$21,739,051 to \$11,717,830 and restating business-type net position at December 31, 2017 from \$10,786,515 to \$10,426,460.

By comparing assets and deferred outflows of resources and liabilities and deferred inflows of resources, one can see the position of the City has decreased slightly. Governmental net position decreased, which was offset by an increase in business-type net position. Governmental capital assets increased due to additions including several ongoing infrastructure projects, land for the City Center project, the purchase of various equipment and vehicles, various projects at City Park and storm water improvements. Business-type current and other assets increased primarily due to an increase in cash and cash equivalents due to increased charges for services revenue due to an error in the billing process. This error was corrected in 2018 and resulted in an increase in accounts receivable for the City. The increase in governmental current liabilities was due mainly to an increase in intergovernmental payable due to a settlement agreement with the School District over their tax sharing agreement. This was coupled with an increase in accrued wages due to an increase in the days accrued from year end and an increase in vacation benefits payable due to an increase in accrued vacation time. Governmental long-term liabilities decreased due to a decrease in the net pension liability and the continued pay-down of long-term debt obligations, which were slightly offset by an increase in the net OPEB liability. Business-type long-term liabilities decreased due to a decrease in the net pension liability. Management continues to diligently plan expenses, staying carefully within the City's revenues in an effort to maintain excellent levels of service within the constraints of the budget.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for the current year. Table 2 shows total revenues, expenses and changes in net position for the fiscal years 2018 and 2017.



**City of Streetsboro**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2018*  
*Unaudited*

(Table 2)  
*Changes in Net Position*

	Governmental Activities		Business Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Program Revenues</b>						
Charges for Services	\$1,156,654	\$1,122,820	\$3,706,821	\$3,225,676	\$4,863,475	\$4,348,496
Operating Grants and Contributions	965,199	946,035	0	0	965,199	946,035
Capital Grants, Contributions and Assessments	671,716	785,018	12,118	1,798	683,834	786,816
<i>Total Program Revenues</i>	<u>2,793,569</u>	<u>2,853,873</u>	<u>3,718,939</u>	<u>3,227,474</u>	<u>6,512,508</u>	<u>6,081,347</u>
<b>General Revenues</b>						
Property Taxes	1,241,890	1,193,634	0	0	1,241,890	1,193,634
Income Taxes	12,594,161	12,436,101	0	0	12,594,161	12,436,101
Grants and Entitlements	374,002	329,570	0	0	374,002	329,570
Unrestricted Contributions	105,274	1,422	0	0	105,274	1,422
Payment in Lieu of Taxes	96,424	99,870	0	0	96,424	99,870
Hotel/Motel Tax	586,912	593,451	0	0	586,912	593,451
Interest	91,458	48,434	28,275	14,904	119,733	63,338
Miscellaneous	351,468	369,483	9,390	10,655	360,858	380,138
<i>Total General Revenues</i>	<u>15,441,589</u>	<u>15,071,965</u>	<u>37,665</u>	<u>25,559</u>	<u>15,479,254</u>	<u>15,097,524</u>
<i>Total Revenues</i>	<u>18,235,158</u>	<u>17,925,838</u>	<u>3,756,604</u>	<u>3,253,033</u>	<u>21,991,762</u>	<u>21,178,871</u>
<b>Program Expenses</b>						
General Government	4,990,065	4,161,044	0	0	4,990,065	4,161,044
Security of Persons and Property	7,990,581	7,322,525	0	0	7,990,581	7,322,525
Public Health Services	16,580	23,521	0	0	16,580	23,521
Transportation	3,355,735	2,863,795	0	0	3,355,735	2,863,795
Community Development	690,397	578,334	0	0	690,397	578,334
Basic Utility Services	994,430	1,006,036	0	0	994,430	1,006,036
Leisure Time Activities	625,054	622,030	0	0	625,054	622,030
Interest and Fiscal Charges	98,786	107,861	0	0	98,786	107,861
Water	0	0	3,229,298	3,225,054	3,229,298	3,225,054
<i>Total Program Expenses</i>	<u>18,761,628</u>	<u>16,685,146</u>	<u>3,229,298</u>	<u>3,225,054</u>	<u>21,990,926</u>	<u>19,910,200</u>
Transfers	(17,670)	(17,352)	17,670	17,352	0	0
<i>Change in Net Position</i>	<u>(544,140)</u>	<u>1,223,340</u>	<u>544,976</u>	<u>45,331</u>	<u>836</u>	<u>1,268,671</u>
<i>Net Position Beginning of Year</i>	<u>11,717,830</u>	<u>N/A</u>	<u>10,426,460</u>	<u>N/A</u>	<u>22,144,290</u>	<u>N/A</u>
<i>Net Position End of Year</i>	<u>\$11,173,690</u>	<u>\$11,717,830</u>	<u>\$10,971,436</u>	<u>\$10,426,460</u>	<u>\$22,145,126</u>	<u>\$22,144,290</u>

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$57,852 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned and adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report an OPEB expense of \$889,155. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

**City of Streetsboro**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2018*  
*Unaudited*

	Governmental Activities	Business-type Activities	Total
Total 2018 program expenses under GASB 75	\$18,761,628	\$3,229,298	\$21,990,926
OPEB expense under GASB 75	(857,796)	(31,359)	(889,155)
2018 contractually required contribution	25,588	1,264	26,852
Adjusted 2018 program expenses	17,929,420	3,199,203	21,128,623
Total 2017 program expenses under GASB 45	16,685,146	3,225,054	19,910,200
Increase (Decrease) in program expenses not related to OPEB	\$1,244,274	(\$25,851)	\$1,218,423

***Governmental Activities***

Governmental program revenues decreased slightly in 2018 due mainly to a decrease in capital grants received by the capital improvements fund for various construction projects. The City continues to seek out additional sources of revenue to ensure the stability of the infrastructure is maintained. Governmental charges for services remained relatively consistent with the prior year. Governmental operating grants and contributions increased slightly due to an increase in gas and permissive taxes received by the City. Total program expenses increased due mainly to increases in transportation for road maintenance and pension expenses and security of persons and property relating to increased wages, benefits and pension expenses.

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

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

Community development expenses increased due to writing off additional mortgages receivable as uncollectible. Transportation expenses increased from 2016 due to a greater amount of infrastructure costs relating to road maintenance programs being expensed coupled with an increase in pension expenses related to the net pension liability.

***Business-Type Activities***

The City operates one business-type activity, the water distribution system. In 2018, this activity generated operating revenues of \$3,706,821. Water operating expenses plus non-operating expenses amounted to \$3,229,298 in 2018. There were approximately 4,650 customers as of December 31, 2018. The Water Department bills on a quarterly basis.

**City of Streetsboro**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2018*  
*Unaudited*

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## **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 a decrease in fund balance due to a transfer to the general capital improvements fund and increased expenditures due to salary increases and increased general government expenditures related to accrued liabilities. The general capital improvements fund had a decrease in fund balance due to a planned increase in capital outlay expenditures that the City had been saving for in the prior year.

Enterprise funds are handled in the same manner as governmental funds, with the intent to ensure the strength of these funds. If expenses were to exceed revenue and dramatically affect net position, the City has the power to increase revenue through rate increases. The net position in the water fund increased in 2018 due to an increase in charges for services revenue. This increase is due to the City collecting additional revenues due to a billing issue that was corrected in 2018.

## **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 2018, actual revenues for the general fund were slightly greater than final estimated revenues even though income tax revenues collected were lower 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 2018, the City amended its general fund budget numerous times, in response to conservative revenue projections being surpassed and necessary expenditures that were not known when the budget was originally approved.

## **Capital Assets and Long-term Obligations**

### ***Capital Assets***

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

Business-type capital asset additions included some equipment purchases and construction in progress. See Note 7 to the basic financial statements for additional information on capital assets.

### ***Long-term Obligations***

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

**City of Streetsboro**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2018*  
*Unaudited*

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

The City of Streetsboro's overall legal debt margin was \$42,586,049 on December 31, 2018. For more information about the City's long-term obligations, see Note 10 to the basic financial statements.

**Current Financial Issues**

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

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

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

**City of Streetsboro, Ohio**  
*Statement of Net Position*  
December 31, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$10,744,793	\$3,102,735	\$13,847,528
Cash and Cash Equivalents:			
With Fiscal Agents	18,265	0	18,265
Materials and Supplies Inventory	129,628	208	129,836
Prepaid Items	99,422	0	99,422
Accounts Receivable	482,847	1,101,302	1,584,149
Intergovernmental Receivable	647,291	0	647,291
Income Taxes Receivable	3,671,000	0	3,671,000
Property Taxes Receivable	1,348,816	0	1,348,816
Payments in Lieu of Taxes Receivable	100,150	0	100,150
Special Assessments Receivable	174,202	1,278,080	1,452,282
Loans Receivable	398,374	0	398,374
Net Pension Asset	16,681	2,944	19,625
Nondepreciable Capital Assets	5,349,757	566,563	5,916,320
Depreciable Capital Assets, Net	19,074,906	9,359,125	28,434,031
<i>Total Assets</i>	<u>42,256,132</u>	<u>15,410,957</u>	<u>57,667,089</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	195,245	197,775	393,020
Pension	2,686,676	137,948	2,824,624
OPEB	1,077,609	29,733	1,107,342
<i>Total Deferred Outflows of Resources</i>	<u>3,959,530</u>	<u>365,456</u>	<u>4,324,986</u>
<b>Liabilities</b>			
Accounts Payable	321,950	9,366	331,316
Accrued Wages	333,856	20,007	353,863
Contracts Payable	261,438	194	261,632
Retainage Payable	18,265	0	18,265
Intergovernmental Payable	793,643	138,105	931,748
Accrued Interest Payable	7,895	7,297	15,192
Vacation Benefits Payable	485,735	40,955	526,690
Long-Term Liabilities:			
Due Within One Year	668,187	174,919	843,106
Due In More Than One Year:			
Net Pension Liability (See Note 13)	13,012,366	551,404	13,563,770
Net OPEB Liability (See Note 14)	11,320,197	386,861	11,707,058
Other Amounts	4,195,166	3,306,557	7,501,723
<i>Total Liabilities</i>	<u>31,418,698</u>	<u>4,635,665</u>	<u>36,054,363</u>
<b>Deferred Inflows of Resources</b>			
Payments in Lieu of Taxes	100,150	0	100,150
Property Taxes	1,305,996	0	1,305,996
Pension	1,606,287	136,290	1,742,577
OPEB	610,841	33,022	643,863
<i>Total Deferred Inflows of Resources</i>	<u>3,623,274</u>	<u>169,312</u>	<u>3,792,586</u>
<b>Net Position</b>			
Net Investment in Capital Assets	24,033,640	6,482,706	30,516,346
Restricted for:			
Capital Projects	1,113	0	1,113
Debt Service	286,600	0	286,600
Other Purposes	2,448,264	0	2,448,264
Unrestricted (Deficit)	<u>(15,595,927)</u>	<u>4,488,730</u>	<u>(11,107,197)</u>
<i>Total Net Position</i>	<u>\$11,173,690</u>	<u>\$10,971,436</u>	<u>\$22,145,126</u>

See accompanying notes to the basic financial statements

**City of Streetsboro, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2018

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants, Contributions and Assessments
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
General Government	\$4,990,065	\$256,392	\$0	\$0
Security of Persons and Property	7,990,581	668,537	27,796	12,293
Public Health Services	16,580	0	0	0
Transportation	3,355,735	0	936,703	659,423
Community Development	690,397	27,731	700	0
Basic Utility Services	994,430	39,713	0	0
Leisure Time Activities	625,054	164,281	0	0
Interest and Fiscal Charges	98,786	0	0	0
<i>Total Governmental Activities</i>	18,761,628	1,156,654	965,199	671,716
<b>Business-Type Activities:</b>				
Water	3,229,298	3,706,821	0	12,118
<i>Total - Primary Government</i>	<u>\$21,990,926</u>	<u>\$4,863,475</u>	<u>\$965,199</u>	<u>\$683,834</u>

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

*Total General Revenues*

Transfers

*Total General Revenues and Transfers*

Change in Net Position

*Net Position Beginning of Year - Restated (See Note 16)*

*Net Position End of Year*

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
(\$4,733,673)	\$0	(\$4,733,673)
(7,281,955)	0	(7,281,955)
(16,580)	0	(16,580)
(1,759,609)	0	(1,759,609)
(661,966)	0	(661,966)
(954,717)	0	(954,717)
(460,773)	0	(460,773)
(98,786)	0	(98,786)
(15,968,059)	0	(15,968,059)
0	489,641	489,641
(15,968,059)	489,641	(15,478,418)
813,657	0	813,657
299,765	0	299,765
128,468	0	128,468
9,854,408	0	9,854,408
249,069	0	249,069
2,490,684	0	2,490,684
374,002	0	374,002
105,274	0	105,274
96,424	0	96,424
586,912	0	586,912
91,458	28,275	119,733
351,468	9,390	360,858
15,441,589	37,665	15,479,254
(17,670)	17,670	0
15,423,919	55,335	15,479,254
(544,140)	544,976	836
11,717,830	10,426,460	22,144,290
<u>\$11,173,690</u>	<u>\$10,971,436</u>	<u>\$22,145,126</u>

**City of Streetsboro, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2018*

	General	General Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$5,774,024	\$1,646,095	\$3,321,708	\$10,741,827
Cash and Cash Equivalents With Fiscal Agents	0	18,265	0	18,265
Materials and Supplies Inventory	52,578	0	77,050	129,628
Accounts Receivable	235,971	0	246,876	482,847
Intergovernmental Receivable	164,890	9,419	472,982	647,291
Prepaid Items	99,422	0	0	99,422
Income Taxes Receivable	2,863,380	734,200	73,420	3,671,000
Property Taxes Receivable	883,707	0	465,109	1,348,816
Payments in Lieu of Taxes Receivable	0	0	100,150	100,150
Loans Receivable	0	0	398,374	398,374
Special Assessments Receivable	0	37,038	137,164	174,202
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	2,966	0	0	2,966
<b>Total Assets</b>	<b>\$10,076,938</b>	<b>\$2,445,017</b>	<b>\$5,292,833</b>	<b>\$17,814,788</b>
<b>Liabilities</b>				
Accounts Payable	\$261,547	\$35,092	\$25,311	\$321,950
Accrued Wages	319,535	0	14,321	333,856
Contracts Payable	5,110	124,308	132,020	261,438
Retainage Payable	0	18,265	0	18,265
Intergovernmental Payable	754,342	0	39,301	793,643
<b>Total Liabilities</b>	<b>1,340,534</b>	<b>177,665</b>	<b>210,953</b>	<b>1,729,152</b>
<b>Deferred Inflows of Resources</b>				
Payments in Lieu of Taxes	0	0	100,150	100,150
Property Taxes	855,653	0	450,343	1,305,996
Unavailable Revenue	1,783,753	413,570	730,767	2,928,090
<b>Total Deferred Inflows of Resources</b>	<b>2,639,406</b>	<b>413,570</b>	<b>1,281,260</b>	<b>4,334,236</b>
<b>Fund Balances</b>				
Nonspendable	154,966	0	77,050	232,016
Restricted	0	0	2,793,537	2,793,537
Committed	16,643	1,853,782	930,033	2,800,458
Assigned	562,545	0	0	562,545
Unassigned	5,362,844	0	0	5,362,844
<b>Total Fund Balances</b>	<b>6,096,998</b>	<b>1,853,782</b>	<b>3,800,620</b>	<b>11,751,400</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$10,076,938</b>	<b>\$2,445,017</b>	<b>\$5,292,833</b>	<b>\$17,814,788</b>

See accompanying notes to the basic financial statements



**City of Streetsboro, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 December 31, 2018*

<b>Total Governmental Fund Balances</b>	<b>\$11,751,400</b>
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	24,424,663
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	42,820
Income Taxes	1,882,661
Charges for Services	361,443
Special Assessments	174,202
Intergovernmental	422,008
Cable Franchise Fees	44,956
<hr/>	
Total	2,928,090
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(7,895)
The net pension asset, net pension liability and net OPEB liability are not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.	
Net Pension Asset	16,681
Deferred Outflows - Pension	2,686,676
Net Pension Liability	(13,012,366)
Deferred Inflows - Pension	(1,606,287)
Deferred Outflows - OPEB	1,077,609
Net OPEB Liability	(11,320,197)
Deferred Inflows - OPEB	(610,841)
<hr/>	
Total	(22,768,725)
Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore are not reported in the funds.	(485,735)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
General Obligation Bonds	(3,332,919)
OPWC Loans Payable	(131,493)
Tax Incremental Financing Agreement	(858,146)
Compensated Absences	(540,795)
Deferred Charge on Refunding	195,245
<hr/>	
Total	(4,668,108)
<hr/>	
<i>Net Position of Governmental Activities</i>	<u><u>\$11,173,690</u></u>

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, 2018*

	General	General Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$796,753	\$0	\$419,336	\$1,216,089
Income Taxes	9,629,575	2,433,035	243,304	12,305,914
Special Assessments	0	5,195	15,991	21,186
Payment In Lieu of Taxes	0	0	96,424	96,424
Hotel/Motel Tax	440,185	0	146,727	586,912
Intergovernmental	337,284	636,253	1,006,338	1,979,875
Interest	73,710	0	17,748	91,458
Fees, Licenses and Permits	227,578	0	26,000	253,578
Fines and Forfeitures	46,300	0	5,394	51,694
Rentals	0	0	15,895	15,895
Charges for Services	201,401	0	415,413	616,814
Contributions and Donations	105,274	24,346	253	129,873
Cable Franchise Fees	207,120	0	0	207,120
Other	279,127	33,315	39,026	351,468
<i>Total Revenues</i>	<u>12,344,307</u>	<u>3,132,144</u>	<u>2,447,849</u>	<u>17,924,300</u>
<b>Expenditures</b>				
Current:				
General Government	4,665,290	0	160,840	4,826,130
Security of Persons and Property	6,183,792	0	178,346	6,362,138
Public Health Services	0	0	12,731	12,731
Leisure Time Activities	395,600	0	120,331	515,931
Community Development	509,149	0	235,865	745,014
Transportation	0	0	813,301	813,301
Basic Utility Services	727,473	0	0	727,473
Capital Outlay	0	4,774,078	99,612	4,873,690
Debt Service:				
Principal Retirement	0	11,954	535,168	547,122
Interest and Fiscal Charges	0	0	104,494	104,494
<i>Total Expenditures</i>	<u>12,481,304</u>	<u>4,786,032</u>	<u>2,260,688</u>	<u>19,528,024</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(136,997)</u>	<u>(1,653,888)</u>	<u>187,161</u>	<u>(1,603,724)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	0	70,290	0	70,290
Transfers In	0	1,107,950	0	1,107,950
Transfers Out	(1,107,950)	0	(17,670)	(1,125,620)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,107,950)</u>	<u>1,178,240</u>	<u>(17,670)</u>	<u>52,620</u>
<i>Net Change in Fund Balances</i>	<u>(1,244,947)</u>	<u>(475,648)</u>	<u>169,491</u>	<u>(1,551,104)</u>
<i>Fund Balances Beginning of Year</i>	<u>7,341,945</u>	<u>2,329,430</u>	<u>3,631,129</u>	<u>13,302,504</u>
<i>Fund Balances End of Year</i>	<u>\$6,096,998</u>	<u>\$1,853,782</u>	<u>\$3,800,620</u>	<u>\$11,751,400</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, 2018*

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**Net Change in Fund Balances - Total Governmental Funds** (\$1,551,104)

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

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

Capital Asset Additions	3,406,028	
Current Year Depreciation	(1,548,059)	
Total		1,857,969

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (98,745)

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

Delinquent Property Taxes	25,801	
Income Taxes	288,247	
Intergovernmental	7,619	
Charges for Services	7,087	
Special Assessments	(22,362)	
Cable Franchise Fees	4,466	
Total		310,858

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

Pension	1,145,495	
OPEB	25,588	
Total		1,171,083

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

Pension	(1,847,577)	
OPEB	(857,796)	
Total		(2,705,373)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 547,122

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	813	
Amortization of Premium	25,796	
Amortization of Deferred Charge on Refunding	(20,901)	
Total		5,708

Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	(55,302)	
Vacation Benefits Payable	(26,356)	
Total		(81,658)

*Change in Net Position of Governmental Activities* (\$544,140)

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, 2018*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$789,218	\$789,554	\$796,753	\$7,199
Income Taxes	10,051,953	10,056,230	9,743,159	(313,071)
Hotel/Motel Taxes	374,841	375,000	441,584	66,584
Intergovernmental	272,872	272,988	332,956	59,968
Interest	24,989	25,000	73,710	48,710
Fees, Licenses and Permits	142,789	142,850	227,578	84,728
Fines and Forfeitures	54,977	55,000	45,202	(9,798)
Charges for Services	178,427	178,503	201,911	23,408
Cable Franchise Fees	179,923	180,000	207,643	27,643
Other	243,436	243,539	249,448	5,909
<i>Total Revenues</i>	<u>12,313,425</u>	<u>12,318,664</u>	<u>12,319,944</u>	<u>1,280</u>
<b>Expenditures</b>				
Current:				
General Government	4,894,004	4,941,177	4,284,830	656,347
Security of Persons and Property	6,307,928	6,332,745	6,132,610	200,135
Leisure Time Activities	421,612	436,996	404,230	32,766
Community Development	590,827	610,865	532,951	77,914
Basic Utility Services	799,670	831,831	761,675	70,156
<i>Total Expenditures</i>	<u>13,014,041</u>	<u>13,153,614</u>	<u>12,116,296</u>	<u>1,037,318</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(700,616)</u>	<u>(834,950)</u>	<u>203,648</u>	<u>1,038,598</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	30,000	30,000	0	(30,000)
Transfers Out	(30,000)	(1,137,950)	(1,107,950)	30,000
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(1,107,950)</u>	<u>(1,107,950)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(700,616)</u>	<u>(1,942,900)</u>	<u>(904,302)</u>	<u>1,038,598</u>
<i>Fund Balance Beginning of Year</i>	5,871,033	5,871,033	5,871,033	0
Prior Year Encumbrances Appropriated	432,700	432,700	432,700	0
<i>Fund Balance End of Year</i>	<u><u>\$5,603,117</u></u>	<u><u>\$4,360,833</u></u>	<u><u>\$5,399,431</u></u>	<u><u>\$1,038,598</u></u>

See accompanying notes to the basic financial statements

**City of Streetsboro, Ohio**  
*Statement of Fund Net Position*  
*Enterprise Fund*  
*December 31, 2018*

	Water
<b>Assets</b>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$3,102,735
Materials and Supplies Inventory	208
<i>Receivables:</i>	
Accounts	1,101,302
Special Assessments	1,278,080
<i>Total Current Assets</i>	5,482,325
<i>Noncurrent Assets:</i>	
Net Pension Asset	2,944
<i>Capital Assets:</i>	
Nondepreciable Capital Assets	566,563
Depreciable Capital Assets, Net	9,359,125
<i>Total Noncurrent Assets</i>	9,928,632
<i>Total Assets</i>	15,410,957
<b>Deferred Outflows of Resources</b>	
Deferred Charge on Refunding	197,775
Pension	137,948
OPEB	29,733
<i>Total Deferred Outflows of Resources</i>	365,456
<b>Liabilities</b>	
<i>Current Liabilities:</i>	
Accounts Payable	9,366
Accrued Wages	20,007
Contracts Payable	194
Intergovernmental Payable	138,105
Accrued Interest Payable	7,297
Vacation Benefits Payable	40,955
General Obligation Bonds Payable	155,000
OWDA Loans Payable	16,303
Compensated Absences Payable	3,616
<i>Total Current Liabilities</i>	390,843
<i>Long-Term Liabilities (net of current portion):</i>	
General Obligation Bonds Payable	2,905,083
OWDA Loans Payable	371,675
Compensated Absences Payable	29,799
Net Pension Liability	551,404
Net OPEB Liability	386,861
<i>Total Long-Term Liabilities</i>	4,244,822
<i>Total Liabilities</i>	4,635,665
<b>Deferred Inflows of Resources</b>	
Pension	136,290
OPEB	33,022
<i>Total Deferred Inflows of Resources</i>	169,312
<b>Net Position</b>	
Net Investment in Capital Assets	6,482,706
Unrestricted	4,488,730
<i>Total Net Position</i>	\$10,971,436

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, 2018*

	Water
<b>Operating Revenues</b>	
Charges for Services	\$3,706,821
Special Assessments	12,118
Other	9,137
<i>Total Operating Revenues</i>	<i>3,728,076</i>
<b>Operating Expenses</b>	
Personal Services	503,556
Fringe Benefits	330,178
Materials and Supplies	93,596
Contractual Services	1,689,848
Depreciation	502,347
Other	12,029
<i>Total Operating Expenses</i>	<i>3,131,554</i>
<i>Operating Income (Loss)</i>	<i>596,522</i>
<b>Non-Operating Revenues (Expenses)</b>	
Interest	28,275
Interest and Fiscal Charges	(97,491)
Other Non-Operating Revenues	253
Other Non-Operating Expenses	(253)
<i>Total Non-Operating Revenues (Expenses)</i>	<i>(69,216)</i>
<i>Income (Loss) before Transfers</i>	<i>527,306</i>
Transfers In	17,670
<i>Change in Net Position</i>	<i>544,976</i>
<i>Net Position Beginning of Year - (Restated - See Note 16)</i>	<i>10,426,460</i>
<i>Net Position End of Year</i>	<i>\$10,971,436</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, 2018*

	Water
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$3,447,734
Special Assessments	93,028
Other Cash Receipts	9,137
Cash Payments to Employees for Services	(763,101)
Cash Payments for Goods and Services	(1,782,686)
Other Cash Payments	(12,029)
<i>Net Cash Provided by (Used for) Operating Activities</i>	992,083
<b>Cash Flows from Capital and Related Financing Activities</b>	
Principal Paid on General Obligation Bonds	(150,000)
Interest Paid on General Obligation Bonds	(90,563)
Principal Paid on OWDA Loans	(7,851)
Interest Paid on OWDA Loans	(5,982)
Payments for Capital Acquisitions	(64,539)
<i>Net Cash Provided by (Used for)</i> <i>Capital and Related Financing Activities</i>	(318,935)
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	28,275
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	701,423
<i>Cash and Cash Equivalents Beginning of Year</i>	2,401,312
<i>Cash and Cash Equivalents End of Year</i>	\$3,102,735

(continued)

**City of Streetsboro, Ohio**  
*Statement of Cash Flows*  
*Enterprise Fund (continued)*  
For the Year Ended December 31, 2018

	Water
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>	
Operating Income (Loss)	\$596,522
Adjustments:	
Depreciation	502,347
<i>(Increase) Decrease in Assets:</i>	
Accounts Receivable	(259,087)
Materials and Supplies Inventory	(5)
Special Assessments	80,910
Net Pension Asset	(1,875)
(Increase) Decrease in Deferred Outflows - Pension	104,302
(Increase) Decrease in Deferred Outflows - OPEB	18,328
<i>Increase (Decrease) in Liabilities:</i>	
Accounts Payable	(3,744)
Contracts Payable	194
Accrued Wages	(2,423)
Vacation Benefits Payable	646
Compensated Absences Payable	13
Intergovernmental Payable	1,235
Net Pension Liability	11,994
Net OPEB Liability	20,981
Increase (Decrease) in Deferred Inflows - Pension	(69,041)
Increase (Decrease) in Deferred Inflows - OPEB	(9,214)
<i>Total Adjustments</i>	395,561
<i>Net Cash Provided by (Used for) Operating Activities</i>	\$992,083

**Noncash Capital and Related Financing Activities**

During 2018, the Special Assessment bond retirement fund paid \$7,665 in principal and \$10,005 in interest on an Ohio Water Development loan for the water enterprise fund.

See accompanying notes to the basic financial statements



**City of Streetsboro, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Fund*  
*December 31, 2018*

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<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$188,542</u></u>
<b>Liabilities</b>	
Undistributed Monies	<u><u>\$188,542</u></u>

See accompanying notes to the basic financial statements

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2018*

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

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

***Reporting Entity***

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

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

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

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

***Basis of Presentation***

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

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

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

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2018*

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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, 2018*

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

***Measurement Focus***

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

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

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

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

***Basis of Accounting***

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

***Revenues - Exchange and Nonexchange Transactions*** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty days of year-end.

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2018*

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Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest, grants and rentals.

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported in the government-wide statement of net position for deferred charges on refunding, pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 13 and 14.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include payments in lieu of taxes, property taxes, pension, OPEB and unavailable revenue. Payments in lieu of taxes and property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City unavailable revenue includes delinquent property taxes, income taxes, charges for services, cable franchise fees, special assessments and intergovernmental grants. These amounts are deferred and recognized as revenue in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 19. Deferred inflows of resources related to pension and OPEB plans are reported on the government – wide statement of net position (See Notes 13 and 14).

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

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

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2018*

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**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.

***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 2018, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2018 amounted to \$73,710 of which \$23,825 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, 2018, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

***Inventory***

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

***Restricted Assets***

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors or laws of other governments or imposed by law through constitutional provisions. Restricted assets in the general fund represent money set aside for unclaimed monies.

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2018*

***Capital Assets***

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

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

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

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

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

***Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Since vacation leave benefits are lost at year end if employees do not use these balances during the year unless prior approval has been obtained from the department head and mayor, the outstanding liability is recorded as "vacation benefits payable" on the statement of net position rather than as a long-term liability.

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

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2018*

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***Accrued Liabilities and Long-Term Obligations***

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

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

***Fund Balance***

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

***Restricted*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

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

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

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by City Council. In the general fund, assigned amounts



**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2018*

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represent intended uses established by policies of the City Council or a City official delegated that authority by City Charter or ordinance, or by State statute. State statute authorizes the Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. City Council assigned fund balance to cover a gap between estimated revenues and appropriations in 2019's budget.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

***Net Position***

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

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

***Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. Revenues and expenses which do not meet these definitions are reported as non-operating.

***Internal Activity***

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

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

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2018*

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***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.

***Bond Premium***

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. On the governmental fund statements, bond premiums are receipted in the year the bonds are issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

***Estimates***

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

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
For The Year Ended December 31, 2018

**Note 3 - Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as restricted, committed or assigned fund balance (GAAP).

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

	General
GAAP Basis	(\$1,244,947)
Net Adjustment for Revenue Accruals	(24,363)
Net Adjustment for Expenditures Accruals	742,567
Encumbrances	(377,559)
Budget Basis	(\$904,302)

**Note 4 - Fund Balances**

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

Fund Balances	General	General Capital Improvements	Other Governmental Funds	Total
<i><b>Nonspendable</b></i>				
Prepays	\$99,422	\$0	\$0	\$99,422
Unclaimed Monies	2,966	0	0	2,966
Inventory	52,578	0	77,050	129,628
<i><b>Total Nonspendable</b></i>	<b>\$154,966</b>	<b>\$0</b>	<b>\$77,050</b>	<b>\$232,016</b>

**City of Streetsboro, Ohio**  
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Fund Balances	General	General Capital Improvements	Other Governmental Funds	Total
<b><i>Restricted for</i></b>				
General Government	\$0	\$0	\$92,052	\$92,052
Public Safety	0	0	195,523	195,523
Street Maintenance	0	0	957,034	957,034
Community Development	0	0	748,588	748,588
Public Health and Welfare	0	0	109,718	109,718
Debt Service Payments	0	0	689,509	689,509
Capital Improvements	0	0	1,113	1,113
<b><i>Total Restricted</i></b>	<b>0</b>	<b>0</b>	<b>2,793,537</b>	<b>2,793,537</b>
<b><i>Committed to</i></b>				
Capital Improvements	0	1,853,782	812,956	2,666,738
Recreation	0	0	108,577	108,577
Contract Services	16,643	0	0	16,643
Litter Programs	0	0	329	329
Senior Services	0	0	5,905	5,905
City Beautification Programs	0	0	2,266	2,266
<b><i>Total Committed</i></b>	<b>16,643</b>	<b>1,853,782</b>	<b>930,033</b>	<b>2,800,458</b>
<b><i>Assigned to</i></b>				
Purchases on Order:				
Personal Services	23,219	0	0	23,219
Contractual Services	132,883	0	0	132,883
Materials and Supplies	124,284	0	0	124,284
2019 Operations	282,159	0	0	282,159
<b><i>Total Assigned</i></b>	<b>562,545</b>	<b>0</b>	<b>0</b>	<b>562,545</b>
<b><i>Unassigned</i></b>	<b>5,362,844</b>	<b>0</b>	<b>0</b>	<b>5,362,844</b>
<b><i>Total Fund Balances</i></b>	<b>\$6,096,998</b>	<b>\$1,853,782</b>	<b>\$3,800,620</b>	<b>\$11,751,400</b>

**Note 5 - Deposits and Investments**

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

Active deposits are public deposits determined to be necessary to meet current demands upon the City treasury. Active monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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.

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
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Interim monies held by the City can be deposited or invested in the following securities:

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

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

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

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;

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2018*

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

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

### **Deposits**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2018, \$2,895,334 of the City’s total bank balance of \$7,874,766 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. One of the City’s financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

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

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

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

### **Investments**

As of December 31, 2018, the City had STAR Ohio as an investment. STAR Ohio is being held with an amount of \$6,223,902 which is insured at net asset value per share. The average maturity is 44.9 days.

**Interest Rate Risk** As a means of limiting its exposure to fair value losses caused by rising interest rates, the City’s investment policy requires that operating funds be invested primarily in short-term investments maturing within two years from the date of purchase if they have a variable interest rate and five years for investments that have a fixed rate and that the City’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

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

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

**City of Streetsboro, Ohio**  
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**Note 6 - Receivables**

Receivables at December 31, 2018, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, and accounts (billings for utility service). Except for mortgages collected and distributed through the revolving loan special revenue fund, receivables are considered collectible in full.

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

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

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

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

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

	Loans Receivable	Allowances for Uncollectibles	Net Loans Receivable
Revolving Loans	\$928,349	\$529,975	\$398,374

***Property Taxes***

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes were levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

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.

**City of Streetsboro, Ohio**  
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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. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2018, was \$2.90 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	
Residential/Agricultural	\$262,441,840
Other Real Estate	183,810,960
Tangible Personal Property	
Public Utility	9,951,020
Total Assessed Values	\$456,203,820

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, 2018, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2018 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. Beginning in 2018, companies also have the option of filing net profit tax returns directly with the State of Ohio, Department of Taxation. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. By City Ordinance, effective January 1, 2016, seventy-eight percent of income tax proceeds were credited to the general fund, twenty percent of income tax proceeds were credited to the general capital improvements capital projects fund and two percent were credited to the debt service (bond retirement) fund.

***Payments in Lieu of Taxes***

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



**City of Streetsboro, Ohio**  
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For The Year Ended December 31, 2018

***Intergovernmental Receivables***

A summary of intergovernmental receivables follows:

	Amounts
<b>Governmental Activities</b>	
Gasoline and Municipal Cents per Gallon	\$322,047
Permissive Tax	130,614
Local Government	93,008
Homestead and Rollback	58,931
Portage County	32,691
Bureau of Workers' Compensation	4,996
Ohio Department of Transportation Grant	4,604
United States Treasury Wage Reimbursement	400
Total	\$647,291

**Note 7 - Capital Assets**

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance 12/31/2017	Additions	Deductions	Balance 12/31/2018
<b>Governmental Activities</b>				
<b><i>Capital Assets not being Depreciated:</i></b>				
Land	\$1,908,840	\$318,613	\$0	\$2,227,453
Construction in Progress	3,012,805	2,298,115	(2,188,616)	3,122,304
Total Capital Assets not being Depreciated	4,921,645	2,616,728	(2,188,616)	5,349,757
<b><i>Capital Assets being Depreciated:</i></b>				
Land Improvements	1,163,740	12,806	0	1,176,546
Buildings and Improvements	6,421,618	40,777	0	6,462,395
Furniture and Equipment	3,885,429	201,136	0	4,086,565
Vehicles	5,981,619	399,486	(428,244)	5,952,861
Infrastructure	16,521,894	2,323,711	0	18,845,605
Total Capital Assets being Depreciated	33,974,300	2,977,916	(428,244)	36,523,972
<b><i>Less Accumulated Depreciation:</i></b>				
Land Improvements	(990,769)	(21,554)	0	(1,012,323)
Buildings and Improvements	(2,782,227)	(157,577)	0	(2,939,804)
Furniture and Equipment	(3,062,463)	(146,008)	0	(3,208,471)
Vehicles	(4,064,930)	(392,707)	329,499	(4,128,138)
Infrastructure	(5,330,117)	(830,213)	0	(6,160,330)
Total Accumulated Depreciation	(16,230,506)	(1,548,059) *	329,499	(17,449,066)
Total Capital Assets being Depreciated, Net	17,743,794	1,429,857	(98,745)	19,074,906
Governmental Activities Capital Assets, Net	\$22,665,439	\$4,046,585	(\$2,287,361)	\$24,424,663

**City of Streetsboro, Ohio**  
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\*Depreciation expense was charged to governmental activities as follows:

General Government	\$71,601
Security of Persons and Property	391,588
Public Health Services	3,849
Transportation	808,075
Community Development	25,486
Basic Utility Services	191,071
Leisure Time Activities	56,389
<b>Total Depreciation Expense</b>	<b><u><u>\$1,548,059</u></u></b>

	Balance 12/31/2017	Additions	Deductions	Balance 12/31/2018
<b>Business Type Activities:</b>				
<b><i>Capital Assets not being Depreciated:</i></b>				
Land	\$547,386	\$0	\$0	\$547,386
Construction in Progress	0	19,177	0	19,177
<b>Total Capital Assets not being Depreciated</b>	<b><u>547,386</u></b>	<b><u>19,177</u></b>	<b><u>0</u></b>	<b><u>566,563</u></b>
<b><i>Capital Assets being Depreciated:</i></b>				
Furniture and Equipment	848,691	34,664	0	883,355
Vehicles	360,555	10,698	0	371,253
Infrastructure	16,792,037	0	0	16,792,037
<b>Total Capital Assets being Depreciated</b>	<b><u>18,001,283</u></b>	<b><u>45,362</u></b>	<b><u>0</u></b>	<b><u>18,046,645</u></b>
<b><i>Less Accumulated Depreciation:</i></b>				
Furniture and Equipment	(666,397)	(43,611)	0	(710,008)
Vehicles	(295,360)	(22,507)	0	(317,867)
Infrastructure	(7,223,416)	(436,229)	0	(7,659,645)
<b>Total Accumulated Depreciation</b>	<b><u>(8,185,173)</u></b>	<b><u>(502,347)</u></b>	<b><u>0</u></b>	<b><u>(8,687,520)</u></b>
<b>Total Capital Assets being Depreciated, Net</b>	<b><u>9,816,110</u></b>	<b><u>(456,985)</u></b>	<b><u>0</u></b>	<b><u>9,359,125</u></b>
<b>Business Type Activities Capital Assets, Net</b>	<b><u>\$10,363,496</u></b>	<b><u>(\$437,808)</u></b>	<b><u>\$0</u></b>	<b><u>\$9,925,688</u></b>

**Note 8 - Compensated Absences**

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

**City of Streetsboro, Ohio**  
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**Note 9 - Interfund Transfers**

Interfund transfers for the year ended December 31, 2018 consisted of a transfer of \$17,670 from the special assessment bond retirement debt service fund to the water enterprise fund to pay for the water fund's portion of the OWDA loan and a transfer of \$1,107,950 from the general fund to the general capital improvements capital projects fund to help fund the City's major capital improvements during 2018.

**Note 10 - Long-Term Obligations**

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

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

A schedule of changes in bonds and other long-term obligations of the City during 2018 follows:

	Amount Outstanding 12/31/2017	Additions	Deletions	Amount Outstanding 12/31/2018	Amounts Due In One Year
<b>Business-Type Activities:</b>					
2013 Various Purpose General Obligation Bonds					
Serial	\$305,000	\$0	(\$150,000)	\$155,000	\$155,000
Premium	10,157	0	(5,078)	5,079	0
2016 Various Purpose General Obligation Refunding Bonds					
Serial	2,650,000	0	0	2,650,000	0
Premium	267,862	0	(17,858)	250,004	0
Total General Obligation Bonds	3,233,019	0	(172,936)	3,060,083	155,000
OWDA Briar Root Manor Waterline	403,494	0	(15,516)	387,978	16,303
Net Pension Liability - OPERS	808,812	0	(257,408)	551,404	0
Net OPEB Liability - OPERS	366,036	20,825	0	386,861	0
Compensated Absences	33,402	4,478	(4,465)	33,415	3,616
<i>Total Business-Type Activities Obligations</i>	<u>\$4,844,763</u>	<u>\$25,303</u>	<u>(\$450,325)</u>	<u>\$4,419,741</u>	<u>\$174,919</u>

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
For The Year Ended December 31, 2018

	Amount Outstanding 12/31/2017	Additions	Deletions	Amount Outstanding 12/31/2018	Amounts Due In One Year
<b>Governmental Activities Obligations:</b>					
2010 Limited Tax General Obligation Refunding Bonds					
Serial	\$520,000	\$0	(\$255,000)	\$265,000	\$265,000
Premium	2,829	0	(1,476)	1,353	0
2013 Various Purpose General Obligation Bond					
Serial	375,000	0	(185,000)	190,000	190,000
Premium	12,140	0	(6,070)	6,070	0
2016 Various Purpose General Obligation Refunding Bonds					
Serial	2,615,000	0	0	2,615,000	0
Premium	273,746	0	(18,250)	255,496	0
<b>Total General Obligation Bonds</b>	<b>3,798,715</b>	<b>0</b>	<b>(465,796)</b>	<b>3,332,919</b>	<b>455,000</b>
<i>Ohio Public Works Commission Loans</i>					
Seasons Road	143,447	0	(11,954)	131,493	11,954
<i>Other Long-term Obligations</i>					
Net Pension Liability					
OPERS	4,583,274	0	(1,458,651)	3,124,623	0
OP&F	10,673,380	0	(785,637)	9,887,743	0
<b>Total Net Pension Liability</b>	<b>15,256,654</b>	<b>0</b>	<b>(2,244,288)</b>	<b>13,012,366</b>	<b>0</b>
Net OPEB Liability					
OPERS	2,074,206	118,008	0	2,192,214	0
OP&F	7,998,886	1,129,097	0	9,127,983	0
<b>Total Net OPEB Liability</b>	<b>10,073,092</b>	<b>1,247,105</b>	<b>0</b>	<b>11,320,197</b>	<b>0</b>
Tax Incremental Financing Agreement	953,314	0	(95,168)	858,146	100,000
Compensated Absences	485,493	134,153	(78,851)	540,795	101,233
<b>Total Other Long-term Obligations</b>	<b>26,768,553</b>	<b>1,381,258</b>	<b>(2,418,307)</b>	<b>25,731,504</b>	<b>201,233</b>
<b>Total Governmental Activities Obligations</b>	<b>\$30,710,715</b>	<b>\$1,381,258</b>	<b>(\$2,896,057)</b>	<b>\$29,195,916</b>	<b>\$668,187</b>

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

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

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

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

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

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

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

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

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

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

OWDA loans will be paid from water enterprise fund user service charges. The OPWC loan will be paid with monies from the general capital improvements capital projects fund. Compensated absences will be paid from the following funds: the general fund, the street maintenance and repair special revenue fund and the water enterprise fund. There are no repayment schedules for the net pension/OPEB liabilities. However, employer pension/OPEB contributions are made from the following funds: the general fund, the street maintenance and repair special revenue fund and the water enterprise fund. See Notes 13 and 14 for additional information related to the net pension/OPEB liabilities.

The City's overall legal debt margin was \$42,586,049 at December 31, 2018. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2018, are as follows:

Business-Type Activities:

	OWDA Loans		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2019	\$16,303	\$15,358	\$155,000	\$87,563
2020	17,130	14,698	170,000	82,912
2021	18,000	14,004	175,000	79,513
2022	18,912	13,275	180,000	76,012
2023	19,872	12,509	180,000	70,613
2024 - 2028	115,541	49,624	1,015,000	257,162
2029 - 2033	147,973	23,731	930,000	76,863
2034	34,247	1,032	0	0
Total	<u>\$387,978</u>	<u>\$144,231</u>	<u>\$2,805,000</u>	<u>\$730,638</u>

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
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Governmental Activities:

	Various Purpose		OPWC
	General Obligation Bonds		Loans
	Principal	Interest	Principal
2019	\$455,000	\$94,738	\$11,954
2020	205,000	81,750	11,954
2021	210,000	77,650	11,954
2022	215,000	73,450	11,954
2023	220,000	67,000	11,954
2024 - 2028	1,220,000	218,913	59,770
2029 - 2030	545,000	26,650	11,953
Total	\$3,070,000	\$640,151	\$131,493

**Note 11 - Risk Management**

***Property and Liability***

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2018, the City contracted with Love Insurance, Incorporated for various types of insurance as follows:

Type of Coverage	Coverage	Deductible
General liability:		
Each occurrence	\$6,000,000	\$0
Annual aggregate	8,000,000	0
Employer's liability	6,000,000	0
Employee benefits liability:		
Each occurrence	6,000,000	0
Annual aggregate	8,000,000	0
Law enforcement officer's liability:		
Each occurrence	6,000,000	5,000
Annual aggregate	8,000,000	5,000
Public officials liability:		
Each occurrence	6,000,000	25,000
Annual aggregate	8,000,000	25,000
Property (building and contents)	20,759,458	1,000
Boiler and Machinery	20,759,458	1,000
Inland marine:		
Special property	1,178,453	1,000
Electronic equipment	104,568	1,000
Media and Data	26,142	1,000
Extra Expense	25,000	1,000
Automobile coverage:		
Liability	6,000,000	500

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
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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 12 - Contingencies**

***Litigation***

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

***Grants***

The City received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2018.

**Note 13 - Defined Benefit Pension Plans**

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

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

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

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

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

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2018*

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

The proportionate share of each plan's unfunded benefits is presented as a *net pension asset* or a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

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

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan.

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

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



**City of Streetsboro, Ohio**  
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<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

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

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

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

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

	State and Local
<b>2018 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee *	10.0 %
 <b>2018 Actual Contribution Rates</b>	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
 Employee	 10.0 %

- \* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
- \*\* These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

For 2018, The City’s contractually required contribution was \$439,834 for the traditional plan, \$8,166 for the combined plan and \$21,059 for the member-directed plan. Of these amounts, \$35,811 is reported as an intergovernmental payable for the traditional plan, \$665 for the combined plan, and \$1,714 for the member-directed plan.

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

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

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member’s average annual salary. The following discussion of the pension formula relates to normal service retirement.

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits):

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

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

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

	Police	Firefighters
<b>2018 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 <b>2018 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$764,695 for 2018. Of this amount, \$70,507 is reported as an intergovernmental payable.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2017, and was determined by rolling

**City of Streetsboro, Ohio**  
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forward the total pension liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the City's defined benefit pension plans:

	OPERS <u>Traditional Plan</u>	OPERS <u>Combined Plan</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.02343200%	0.01441600%	0.16110500%	
Prior Measurement Date	<u>0.02374500%</u>	<u>0.01640300%</u>	<u>0.16851200%</u>	
Change in Proportionate Share	<u>-0.00031300%</u>	<u>-0.00198700%</u>	<u>-0.00740700%</u>	
Proportionate Share of the:				
Net Pension Liability	\$3,676,027	\$0	\$9,887,743	\$13,563,770
Net Pension Asset	0	19,625	0	19,625
Pension Expense	763,883	(13,360)	1,209,634	1,960,157

2018 pension expense for the member-directed defined contribution plan was \$21,059.

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

	OPERS <u>Traditional Plan</u>	OPERS <u>Combined Plan</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>				
Differences between expected and actual experience	\$3,754	\$0	\$150,054	\$153,808
Changes of assumptions	439,310	1,714	430,861	871,885
Changes in proportion and differences between City contributions and proportionate share of contributions	25,905	964	559,367	586,236
City contributions subsequent to the measurement date	<u>439,834</u>	<u>8,166</u>	<u>764,695</u>	<u>1,212,695</u>
Total Deferred Outflows of Resources	<u>\$908,803</u>	<u>\$10,844</u>	<u>\$1,904,977</u>	<u>\$2,824,624</u>
<b>Deferred Inflows of Resources</b>				
Differences between expected and actual experience	\$72,443	\$5,847	\$17,887	\$96,177
Net difference between projected and actual earnings on pension plan investments	789,194	3,096	342,040	1,134,330
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>38,013</u>	<u>0</u>	<u>474,057</u>	<u>512,070</u>
Total Deferred Inflows of Resources	<u>\$899,650</u>	<u>\$8,943</u>	<u>\$833,984</u>	<u>\$1,742,577</u>

**City of Streetsboro, Ohio**  
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\$1,212,695 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase to the net pension asset in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
2019	\$331,129	(\$868)	\$280,340	\$610,601
2020	(89,999)	(953)	190,415	99,463
2021	(347,519)	(1,646)	(163,856)	(513,021)
2022	(324,292)	(1,574)	(66,867)	(392,733)
2023	0	(486)	56,093	55,607
Thereafter	0	(738)	10,173	9,435
<b>Total</b>	<b>(\$430,681)</b>	<b>(\$6,265)</b>	<b>\$306,298</b>	<b>(\$130,648)</b>

**Actuarial Assumptions - OPERS**

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017, are presented below.

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.5 percent	7.5 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was

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

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

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82 percent for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other investments	18.00	5.26
Total	<u>100.00 %</u>	<u>5.66 %</u>

**Discount Rate** The discount rate used to measure the total pension liability was 7.5 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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**Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate** The following table presents the City's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.5 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
<b>City's proportionate share of the net pension liability (asset)</b>			
OPERS Traditional Plan	\$6,527,687	\$3,676,027	\$1,298,601
OPERS Combined Plan	(10,668)	(19,625)	(25,805)

**Changes between Measurement Date and Report Date**

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City's net pension liability is not known.

**Actuarial Assumptions – OP&F**

OP&F's total pension liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2017, compared with January 1, 2016, are presented below.

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

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For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

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

For the January 1, 2016 valuation, rates of death were based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017, are summarized below:



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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income *	20.00	2.37
Global Inflation Protected Securities*	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
<b>Total</b>	<b>120.00 %</b>	

Note: Assumptions are geometric.

\* levered 2x

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

**Discount Rate** For 2017, the total pension liability was calculated using the discount rate of 8.00 percent. The discount rate used for 2016 was 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$13,707,002	\$9,887,743	\$6,772,785

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**Note 14 – Postemployment Benefits**

See Note 13 for a description of the net OPEB liability.

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

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$8,424 for 2018. Of this amount, \$685 is reported as an intergovernmental payable.

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

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

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

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

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

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The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2018, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contractually required contribution to OP&F was \$18,428 for 2018. Of this amount, \$1,691 is reported as an intergovernmental payable.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.0237500%	0.1611050%	
Prior Measurement Date	<u>0.0241600%</u>	<u>0.1685120%</u>	
Change in Proportionate Share	<u>-0.0004100%</u>	<u>-0.0074070%</u>	
			<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$2,579,075	\$9,127,983	\$11,707,058
OPEB Expense	\$209,059	\$680,096	\$889,155

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$2,009	\$0	\$2,009
Changes of assumptions	187,784	890,697	1,078,481
City contributions subsequent to the measurement date	<u>8,424</u>	<u>18,428</u>	<u>26,852</u>
Total Deferred Outflows of Resources	<u>\$198,217</u>	<u>\$909,125</u>	<u>\$1,107,342</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$0	\$46,038	\$46,038
Net difference between projected and actual earnings on OPEB plan investments	192,124	60,084	252,208
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>28,016</u>	<u>317,601</u>	<u>345,617</u>
Total Deferred Inflows of Resources	<u>\$220,140</u>	<u>\$423,723</u>	<u>\$643,863</u>

\$26,852 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
2019	\$29,315	\$62,034	\$91,349
2020	29,315	62,034	91,349
2021	(40,946)	62,034	21,088
2022	(48,031)	62,034	14,003
2023	0	77,055	77,055
Thereafter	<u>0</u>	<u>141,783</u>	<u>141,783</u>
Total	<u>(\$30,347)</u>	<u>\$466,974</u>	<u>\$436,627</u>

***Actuarial Assumptions - OPERS***

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

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Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

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

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

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

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The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
<b>Total</b>	<b>100.00 %</b>	<b>4.98 %</b>

**Discount Rate** A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
City's proportionate share of the net OPEB liability	\$3,426,413	\$2,579,075	\$1,893,588

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$2,467,625	\$2,579,075	\$2,694,200

***Changes between Measurement Date and Report Date***

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City's net OPEB liability is not known.

***Actuarial Assumptions – OP&F***

OP&F's total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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



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

Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

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

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

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

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

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The OP&F health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13

**Discount Rate** The total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2018*

percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate***

Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the net OPEB liability	\$11,410,090	\$9,127,983	\$7,371,987

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate***

Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

	Non-Medicare	Non-AARP	AARP	Rx Drug	Medicare Part B
Year					
2017	-0.47%	-2.50%	4.50%	-0.47%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	1% Decrease	Current Rates	1% Increase
City's proportionate share of the net OPEB liability	\$7,090,782	\$9,127,983	\$11,873,442

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
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***Changes between Measurement Date and Report Date***

In March 2018, the OP&F Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. The impact to the City's NOL is not known.

**Note 15 – Significant Commitments**

***Contractual Commitments***

As of December 31, 2018, the City had the following contract balances for various projects and programs:

Ambulance Billing	\$5,994
Annual Medical Exams	3,747
2019 Master Plan Update	5,569
Inspections and Testing of Storm Sewer Outfall	6,000
Micro Site for Economic Development	900
Employee Assistance Program	1,047
In Car Cameras - Police	11,616
Capital Improvement Projects at City Park	2,045
Dump Truck Body Replacement	61,212
State Route 303 Plaza Drainage	31,057
Montclair Culvert and Cherokee Trail Drain Engineering Services	4,812
2018 Road Program	80,701
Paving of Parking Lot at City Park	32,257
2018 Chip & Seal	14,023
Patching	33,913
State Route 14 Widening Project	36,396
State Route 43 Survey, Environmental and Engineering Services	44,053
Acquire Property from Portage County	10
Engineering Services - Master Plan for Redevelopment of Municipal Building Site	1,994
Architectural Design Services - New Fire Station	355,320
Demolition of City Hall	463,000
Frost Road Project	41,496
City-Wide Signals Upgrade	20,409
Ambulance Chassis & Remount Refurbishment	167,242
Fire DEX Gear Coat and Pants	13,170
800 MHz State MARCS System	122,550
Special Ops & Turn Out Gear Dryer	8,800
Water Quality Study & Assessment	104,825
Hydrant Parts & Supplies	12,252
Total	<u><u>\$1,686,410</u></u>

Remaining commitment amounts were encumbered at year end.

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

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

<b>Governmental Funds</b>		<b>Proprietary Fund</b>	
General	\$377,559	Water	<u>\$312,648</u>
General Capital Improvements	809,115		
Other Governmental Funds	<u>791,489</u>		
<i>Total Governmental Funds</i>	<u><u>\$1,978,163</u></u>		

**Note 16 – Change in Accounting Principle and Restatement of Net Position**

For fiscal year 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*, Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

For 2018, the City also implemented the Governmental Accounting Standards Board’s (GASB) *Implementation Guide No. 2017-1*. These changes were incorporated in the City’s 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the City’s fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the City’s 2018 financial statements; however, there was no effect on beginning net position.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2017:

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>
Net Position December 31, 2017	\$21,739,051	\$10,786,515
Adjustments:		
Net OPEB Liability	(10,073,092)	(366,036)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>51,871</u>	<u>5,981</u>
Restated Net Position December 31, 2017	<u><u>\$11,717,830</u></u>	<u><u>\$10,426,460</u></u>

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2018*

	Water
Net Position December 31, 2017	\$10,786,515
Adjustments:	
Net OPEB Liability	(366,036)
Deferred Outflow - Payments Subsequent to Measurement Date	5,981
Restated Net Position December 31, 2017	\$10,426,460

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

**Note 17 – Tax Abatement Disclosures**

As of December 31, 2018, the City of Streetsboro provides tax incentives under three programs, the Enterprise Zone Area (EZA), the Community Reinvestment Area (CRA) and the Economic Incentive Agreement (EIA).

***Real Property Tax Abatements***

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

***Refundable Job Creation Tax Credit***

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

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2018*

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Below is the information relevant to the disclosure of those programs for the year ended December 31, 2018.

<u>Tax Abatement Program</u>	<u>Total Amount of Taxes Abated (Incentives Abated) For the Year 2018 (In Actual Dollars)</u>
Enterprise Zone	
- Manufacturing	\$9,290
- Retail	13,053

**Note 18 – Subsequent Event**

The City of Streetsboro placed a 0.8 mill, 20 year capital improvement levy on the ballot for May 7, 2019. The issue passed by a vote of 59 percent for the tax levy. The levy is expected to generate \$395,192 per year. The levy proceeds will be used for capital improvements of a new fire station and service garage.

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## Required Supplementary Information

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

	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.02343200%	0.02374500%	0.02315900%	0.02401133%	0.02401133%
City's Proportionate Share of the Net Pension Liability	\$3,676,027	\$5,392,086	\$4,011,431	\$2,896,035	\$2,830,623
City's Covered Payroll	\$3,096,546	\$3,069,975	\$2,882,450	\$2,943,767	\$3,201,645
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	118.71%	175.64%	139.17%	98.38%	88.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%

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

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

See accompanying notes to the required supplementary information.



**City of Streetsboro, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the*  
*Net Pension Asset*  
*Ohio Public Employees Retirement System - Combined Plan*  
*2018 (1)*

	<u>2018</u>
City's Proportion of the Net Pension Asset	0.01441600%
City's Proportionate Share of the Net Pension Asset	\$19,625
City's Covered Payroll	\$59,046
City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	-33.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	137.28%

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

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

See accompanying notes to the required supplementary information.

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

	2018	2017
City's Proportion of the Net OPEB Liability	0.0237500%	0.0241600%
City's Proportionate Share of the Net OPEB Liability	\$2,579,075	\$2,440,242
City's Covered Payroll	\$3,363,667	\$3,338,700
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	76.67%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.04%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information.

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

	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.16110500%	0.16851200%	0.15311200%	0.15771550%	0.15771550%
City's Proportionate Share of the Net Pension Liability	\$9,887,743	\$10,673,380	\$9,849,802	\$8,170,321	\$7,681,240
City's Covered Payroll	\$3,594,684	\$3,470,921	\$3,180,149	\$3,184,013	\$3,100,161
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	275.07%	307.51%	309.73%	256.60%	247.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.91%	68.36%	66.77%	71.71%	73.00%

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

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

See accompanying notes to the required supplementary information.

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

	2018	2017
City's Proportion of the Net OPEB Liability	0.1611050%	0.1685120%
City's Proportionate Share of the Net OPEB Liability	\$9,127,983	\$7,998,886
City's Covered Payroll	\$3,594,684	\$3,470,921
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	253.93%	230.45%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.13%	15.96%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information.

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

	2018	2017	2016
<b>Net Pension Liability - Traditional Plan</b>			
Contractually Required Contribution	\$439,834	\$402,551	\$368,397
Contributions in Relation to the Contractually Required Contribution	<u>(439,834)</u>	<u>(402,551)</u>	<u>(368,397)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$3,141,671	\$3,096,546	\$3,069,975
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>
<b>Net Pension Liability - Combined Plan</b>			
Contractually Required Contribution	\$8,166	\$7,676	\$7,662
Contributions in Relation to the Contractually Required Contribution	<u>(8,166)</u>	<u>(7,676)</u>	<u>(7,662)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$58,329	\$59,046	\$63,850
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>
<b>Net OPEB Liability - OPEB Plan (2)</b>			
Contractually Required Contribution	\$8,424	\$39,879	\$70,872
Contributions in Relation to the Contractually Required Contribution	<u>(8,424)</u>	<u>(39,879)</u>	<u>(70,872)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (3)	\$3,410,600	\$3,363,667	\$3,338,700
OPEB Contributions as a Percentage of Covered Payroll	<u>0.25%</u>	<u>1.19%</u>	<u>2.12%</u>

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

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

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

See accompanying notes to the required supplementary information.

2015	2014	2013
\$345,894	\$353,252	\$416,214
(345,894)	(353,252)	(416,214)
\$0	\$0	\$0
\$2,882,450	\$2,943,767	\$3,201,645
12.00%	12.00%	13.00%
\$6,045	\$5,470	\$6,237
(6,045)	(5,470)	(6,237)
\$0	\$0	\$0
\$50,375	\$45,583	\$47,977
12.00%	12.00%	13.00%

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$764,695	\$743,858	\$717,951	\$663,390
Contributions in Relation to the Contractually Required Contribution	<u>(764,695)</u>	<u>(743,858)</u>	<u>(717,951)</u>	<u>(663,390)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$3,685,434	\$3,594,684	\$3,470,921	\$3,180,149
Pension Contributions as a Percentage of Covered Payroll	<u>20.75%</u>	<u>20.69%</u>	<u>20.68%</u>	<u>20.86%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution	\$18,428	\$17,973	\$17,354	\$15,901
Contributions in Relation to the Contractually Required Contribution	<u>(18,428)</u>	<u>(17,973)</u>	<u>(17,354)</u>	<u>(15,901)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
Total Contributions as a Percentage of Covered Payroll	<u>21.25%</u>	<u>21.19%</u>	<u>21.18%</u>	<u>21.36%</u>

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

See accompanying notes to the required supplementary information.



<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$660,029	\$544,208	\$427,464	\$403,889	\$423,374	\$396,472
<u>(660,029)</u>	<u>(544,208)</u>	<u>(427,464)</u>	<u>(403,889)</u>	<u>(423,374)</u>	<u>(396,472)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,184,013	\$3,100,161	\$2,929,747	\$2,761,087	\$2,907,940	\$2,713,316
<u>20.73%</u>	<u>17.55%</u>	<u>14.59%</u>	<u>14.63%</u>	<u>14.56%</u>	<u>14.61%</u>
\$15,921	\$112,122	\$197,758	\$186,374	\$196,285	\$183,149
<u>(15,921)</u>	<u>(112,122)</u>	<u>(197,758)</u>	<u>(186,374)</u>	<u>(196,285)</u>	<u>(183,149)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.50%</u>	<u>3.62%</u>	<u>6.75%</u>	<u>6.75%</u>	<u>6.75%</u>	<u>6.75%</u>
<u>21.23%</u>	<u>21.17%</u>	<u>21.34%</u>	<u>21.38%</u>	<u>21.31%</u>	<u>21.36%</u>

**City of Streetsboro**  
*Notes to the Required Supplementary Information*  
*For the Year Ended December 31, 2018*

**Changes in Assumptions – OPERS Pension**

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

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

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

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

**City of Streetsboro**  
*Notes to the Required Supplementary Information*  
*For the Year Ended December 31, 2018*

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

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

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

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

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

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

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

Amounts reported for 2017 and prior use valuation, rates of death were based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

**City of Streetsboro**  
*Notes to the Required Supplementary Information*  
*For the Year Ended December 31, 2018*

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**Changes in Assumptions – OPERS OPEB**

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

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

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

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

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

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

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

The Honorable Keith Faber  
Auditor of State  
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Streetsboro, Portage County, Ohio, (the City) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 4, 2019, wherein we noted the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

***Internal Control Over Financial Reporting***

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

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

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

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

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

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

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



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

June 4, 2019

**CITY OF STREETSBORO  
PORTAGE COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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The prior audit report, as of December 31, 2017, included no citations or instances of noncompliance. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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OHIO AUDITOR OF STATE  
**KEITH FABER**



**CITY OF STREETSBORO**

**PORTAGE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 9, 2019**