



Dave Yost • Auditor of State



**CITY OF STREETSBORO  
SUMMIT COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Honorable Mayor and City Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Streetsboro, Portage County, Ohio (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Streetsboro, Portage County, Ohio, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2014, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

October 10, 2014

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*Management's Discussion and Analysis*  
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*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, 2013. 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 2013 are as follows:

- The City issued governmental Various Purpose General Obligation bonds at an interest rate of 2.0-4.75 percent. The proceeds were used to pay off the Bond Anticipation Note.
- Business activity Various Purpose General Obligation bonds, serial and term, were issued at interest rates of 2.0 - 4.75 and 5.0 percent respectively. The proceeds are being used to build a water tower.
- Total governmental capital assets increased due to current year additions of capital assets in the form of vehicles, equipment, buildings and improvements and infrastructure. This was slightly offset by an additional year of depreciation expense being taken.
- The business-type activities capital assets decreased due to an additional year of depreciation expense with no capital outlay expenses being made.
- During 2013, Commercial Turf decided to leave the City of Streetsboro which reduced the number of employees working within the City by 300.

**Using this Annual Financial Report**

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

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

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

*Statement of Net Position and the Statement of Activities*

The Statement of Net Position presents information, excluding fiduciary funds, on all the City of Streetsboro's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position 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,

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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, the general obligation bond retirement fund and the general capital improvements capital projects fund.

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



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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.

Internal Service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City has no internal service funds.

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

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

**The City of Streetsboro as a Whole**

The Statement of Net Position provides an overall view of the City. Table 1 shows a summary of the City's net position for 2013 as they compare to 2012.

(Table 1)  
*Net Position*

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Assets</b>						
Current and Other Assets	\$12,041,362	\$11,594,599	\$8,479,703	\$4,011,376	\$20,521,065	\$15,605,975
Capital Assets, Net	15,820,641	14,916,549	5,696,897	6,066,704	21,517,538	20,983,253
<i>Total Assets</i>	<u>27,862,003</u>	<u>26,511,148</u>	<u>14,176,600</u>	<u>10,078,080</u>	<u>42,038,603</u>	<u>36,589,228</u>
<b>Deferred Outflows of Resources</b>						
Deferred Charge on Refunding	\$44,036	\$51,479	\$0	\$0	\$44,036	\$51,479

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(Table 1)  
*Net Position*

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Liabilities</b>						
Current Liabilities	\$717,083	\$968,862	\$205,924	\$140,080	\$923,007	\$1,108,942
Long-term Liabilities						
Due within one Year	891,149	828,026	120,467	15,172	1,011,616	843,198
Due in More than one Year	6,847,450	7,589,698	3,942,001	463,396	10,789,451	8,053,094
<i>Total Liabilities</i>	<u>8,455,682</u>	<u>9,386,586</u>	<u>4,268,392</u>	<u>618,648</u>	<u>12,724,074</u>	<u>10,005,234</u>
<b>Deferred Inflows of Resources</b>						
Payments in Lieu of Taxes	100,000	118,450	0	0	100,000	118,450
Property Taxes	1,126,049	1,124,619	0	0	1,126,049	1,124,619
<i>Total Deferred Inflows of Resources</i>	<u>1,226,049</u>	<u>1,243,069</u>	<u>0</u>	<u>0</u>	<u>1,226,049</u>	<u>1,243,069</u>
<b>Net Position</b>						
Net Investment in Capital Assets	13,897,604	12,492,406	1,668,671	5,593,851	15,566,275	18,086,257
Restricted for:						
Capital Projects	32,135	1,113	0	0	32,135	1,113
Debt Service	171,975	0	0	0	171,975	0
Other Purposes	1,704,159	1,883,687	0	0	1,704,159	1,883,687
Unrestricted	2,418,435	1,555,766	8,239,537	3,865,581	10,657,972	5,421,347
<i>Total Net Position</i>	<u>\$18,224,308</u>	<u>\$15,932,972</u>	<u>\$9,908,208</u>	<u>\$9,459,432</u>	<u>\$28,132,516</u>	<u>\$25,392,404</u>

By comparing assets and deferred outflows of resources and liabilities and deferred inflows of resources, one can see the position of the City has increased as evidenced by the increase in both governmental and business-type net position. Governmental capital assets increased due to additions in buildings and improvements, equipment, vehicles and infrastructure. Business-type current and other assets increased due to unspent general obligation bond proceeds that will be used towards the building of a water tower. Governmental long-term liabilities decreasing is a result of paying off 2012 and 2013 Bond Anticipation Notes. Business-type debt increased due to the issuance of general obligation bonds that will be used to build the above mentioned water tower. 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.

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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 2013 and 2012.

(Table 2)  
*Changes in Net Position*

	Governmental Activities		Business Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Program Revenues</b>						
Charges for Services and Assessments	\$1,117,970	\$1,411,764	\$3,321,013	\$2,916,445	\$4,438,983	\$4,328,209
Operating Grants and Contributions	1,272,529	1,538,132	0	0	1,272,529	1,538,132
Capital Grants	180,845	0	0	0	180,845	0
<i>Total Program Revenues</i>	<u>2,571,344</u>	<u>2,949,896</u>	<u>3,321,013</u>	<u>2,916,445</u>	<u>5,892,357</u>	<u>5,866,341</u>
<b>General Revenues</b>						
Property and Other Local Taxes	1,609,566	1,776,737	0	0	1,609,566	1,776,737
Income Taxes	11,168,109	10,887,836	0	0	11,168,109	10,887,836
Grants and Entitlements	527,895	437,805	0	0	527,895	437,805
Payment in Lieu of Taxes	101,191	106,488	0	0	101,191	106,488
Interest	4,158	21,447	774	1,171	4,932	22,618
Miscellaneous	412,943	562,160	6,777	9,628	419,720	571,788
<i>Total General Revenues</i>	<u>13,823,862</u>	<u>13,792,473</u>	<u>7,551</u>	<u>10,799</u>	<u>13,831,413</u>	<u>13,803,272</u>
<i>Total Revenues</i>	<u>16,395,206</u>	<u>16,742,369</u>	<u>3,328,564</u>	<u>2,927,244</u>	<u>19,723,770</u>	<u>19,669,613</u>
<b>Program Expenses</b>						
General Government	4,464,268	3,877,863	0	0	4,464,268	3,877,863
Security of Persons and Property	5,822,616	6,043,319	0	0	5,822,616	6,043,319
Public Health Services	50,350	47,001	0	0	50,350	47,001
Transportation	1,527,156	1,203,101	0	0	1,527,156	1,203,101
Community Development	622,534	728,579	0	0	622,534	728,579
Basic Utility Services	962,276	997,144	0	0	962,276	997,144
Leisure Time Activities	541,336	538,262	0	0	541,336	538,262
Interest and Fiscal Charges	91,639	262,844	0	0	91,639	262,844
Water	0	0	2,901,483	2,714,931	2,901,483	2,714,931
<i>Total Program Expenses</i>	<u>14,082,175</u>	<u>13,698,113</u>	<u>2,901,483</u>	<u>2,714,931</u>	<u>16,983,658</u>	<u>16,413,044</u>
Transfers	(21,695)	(21,761)	21,695	21,761	0	0
<i>Change in Net Position</i>	<u>2,291,336</u>	<u>3,022,495</u>	<u>448,776</u>	<u>234,074</u>	<u>2,740,112</u>	<u>3,256,569</u>
<i>Net Position Beginning of Year</i>	<u>15,932,972</u>	<u>12,910,477</u>	<u>9,459,432</u>	<u>9,225,358</u>	<u>25,392,404</u>	<u>22,135,835</u>
<i>Net Position End of Year</i>	<u>\$18,224,308</u>	<u>\$15,932,972</u>	<u>\$9,908,208</u>	<u>\$9,459,432</u>	<u>\$28,132,516</u>	<u>\$25,392,404</u>

Program revenues decreased in 2013 due to decreases in charges for services received by the general fund and for fewer operating grants and contributions received by the revolving loan and HUD – CHIP program funds. These decreases were offset with a capital grant received from the Ohio Department of Transportation. Charges for services decreased from the City collecting less in permits for building, electrical and plumbing. The City also saw decreases in collections on engineering and cable franchise fees. Charges for services saw further reductions from revenue that was recognized in 2012 but not collected until 2013. Operating grants and contributions saw a decrease from 2012 due to the City receiving less CHIP

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private rehab monies along with not receiving additional funding from the Ohio Department of Development in 2013. Property taxes decreased due to lower assessed property values. The increase in income tax can be attributed to an overall improving economy. Total program expenses increased due to higher transportation services from the harsh winter. Interest and fiscal charges decreased due to the payoff of the refunding notes.

***Governmental Activities***

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

General government expenses increased over 2012 due to increases in salaries and benefits. Contributing to the increase, in 2012 general government was further reduced by payables captured from 2011. Issuance costs on a full accrual basis fell under general government expense due to the judgment debt. The CHIP program spent proceeds from 2012.

**Business-Type Activities**

The City operates one business-type activity, the water treatment facility. This activity generates revenues of \$3,328,564. Water expenses for 2013 amounted to \$2,901,483. There were approximately 4,320 customers as of December 31, 2013, with a monthly usage of approximately 38 million gallons per month. The Water Department bills on a quarterly basis.

**The City's Funds**

Information about the City's governmental funds begins on page 16. The funds are accounted for using the modified accrual method of accounting. The general fund concluded the year with an increase in fund balance due to revenues exceeding expenditures as a result of asset increases to income tax and cash. The bond retirement fund ended the year with an increase in fund balance due to the issuance of general obligation bonds. The general capital improvement fund ended the year with an increase in fund balance due to paydown on the judgment payable.

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 as a result of the City's user charges being sufficient to offset expenses.

**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 2013, actual revenues for the general fund were more than final estimated revenues due in large part to more intergovernmental and miscellaneous revenues collected than expected. The City actively seeks out additional sources of funding to maintain services. Actual expenditures were less than final appropriations due to management's effort to control costs and ensure economic stability going forward.

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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 2013, the City amended its general fund budget numerous times, in response to conservative revenue projections being surpassed.

**Capital Assets and Long-term Obligations**

***Capital Assets***

Total capital assets for the governmental activities, net of accumulated depreciation increased over the prior year because of additions to capital assets being slightly offset by an additional year of accumulated depreciation being taken. Capital asset additions consisted of paving projects, playground equipment, storm sewer repairs, and the purchase of safety vehicles.

Total capital assets for the business-type activities, net of accumulated depreciation decreased due to an additional year of accumulated depreciation outpacing capital outlay expenses. See Note 10 to the basic financial statements for additional information on capital assets.

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$1,908,840	\$1,908,840	\$547,386	\$547,386	\$2,456,226	\$2,456,226
Land Improvements	297,686	342,837	0	0	297,686	342,837
Buildings and Improvements	3,693,573	3,782,606	0	0	3,693,573	3,782,606
Furniture and Equipment	617,370	691,600	151,896	183,684	769,266	875,284
Vehicles	1,363,250	1,292,269	142,200	172,104	1,505,450	1,464,373
Infrastructure - Streets	7,939,922	6,898,397	4,855,415	5,163,530	12,795,337	12,061,927
<b>Total Capital Assets</b>	<b>\$15,820,641</b>	<b>\$14,916,549</b>	<b>\$5,696,897</b>	<b>\$6,066,704</b>	<b>\$21,517,538</b>	<b>\$20,983,253</b>

**Long-term Obligations**

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

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
OWDA Loans	\$0	\$0	\$458,420	\$470,535	\$458,420	\$470,535
General Obligation Bonds	5,469,898	1,995,209	3,569,806	0	9,039,704	1,995,209
OPWC Loans	41,805	61,633	0	0	41,805	61,633
Refunding Notes	0	3,702,494	0	0	0	3,702,494
Tax Incremental Financing Agreement	1,334,244	1,435,435	0	0	1,334,244	1,435,435
Judgments Payable	356,989	486,989	0	0	356,989	486,989
Capital Lease	182,499	367,301	0	2,318	182,499	369,619
Compensated Absences	353,164	368,663	34,242	5,715	387,406	374,378
<b>Total</b>	<b>\$7,738,599</b>	<b>\$8,417,724</b>	<b>\$4,062,468</b>	<b>\$478,568</b>	<b>\$11,801,067</b>	<b>\$8,896,292</b>

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

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

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

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

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

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

On January 25, 2013 the City issued \$4,000,000 par value refunding notes in order to pay the remaining portion of the judgments payable. The City paid back the principal in 2013.

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.

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

The City of Streetsboro's overall legal debt margin was \$53,077,557 on December 31, 2013. For more information about the City's long-term obligations, see Note 11 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 is facing reductions in Federal and State revenue sources along with flat income tax and property tax collections. The Administration is continually reviewing all programs to determine the most efficient use of funds and resources, to maintain the high level of service to the residents.

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

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

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**City of Streetsboro, Ohio**

*Statement of Net Position*

December 31, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$5,405,006	\$6,959,131	\$12,364,137
Materials and Supplies Inventory	39,714	0	39,714
Prepaid Items	6,251	0	6,251
Accounts Receivable	324,552	836,861	1,161,413
Intergovernmental Receivable	523,750	0	523,750
Income Taxes Receivable	3,730,505	0	3,730,505
Property Taxes Receivable	1,154,432	0	1,154,432
Payments in Lieu of Taxes Receivable	100,000	0	100,000
Special Assessments Receivable	48,267	683,711	731,978
Loans Receivable	708,885	0	708,885
Nondepreciable Capital Assets	1,908,840	547,386	2,456,226
Depreciable Capital Assets, Net	13,911,801	5,149,511	19,061,312
<i>Total Assets</i>	<u>27,862,003</u>	<u>14,176,600</u>	<u>42,038,603</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	44,036	0	44,036
<b>Liabilities</b>			
Accounts Payable	199,784	4,487	204,271
Accrued Wages	201,993	19,559	221,552
Contracts Payable	3,101	6,918	10,019
Intergovernmental Payable	264,509	130,281	394,790
Accrued Interest Payable	47,696	44,679	92,375
Long-Term Liabilities:			
Due Within One Year	891,149	120,467	1,011,616
Due In More Than One Year	6,847,450	3,942,001	10,789,451
<i>Total Liabilities</i>	<u>8,455,682</u>	<u>4,268,392</u>	<u>12,724,074</u>
<b>Deferred Inflows of Resources</b>			
Payments in Lieu of Taxes	100,000	0	100,000
Property Taxes	1,126,049	0	1,126,049
<i>Total Deferred Inflows of Resources</i>	<u>1,226,049</u>	<u>0</u>	<u>1,226,049</u>
<b>Net Position</b>			
Net Investment in Capital Assets	13,897,604	1,668,671	15,566,275
Restricted for:			
Capital Projects	32,135	0	32,135
Debt Service	171,975	0	171,975
Other Purposes	1,704,159	0	1,704,159
Unrestricted	2,418,435	8,239,537	10,657,972
<i>Total Net Position</i>	<u>\$18,224,308</u>	<u>\$9,908,208</u>	<u>\$28,132,516</u>

See accompanying notes to the basic financial statements

**City of Streetsboro, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2013

	Program Revenues			
	Expenses	Charges for Services and Assessments	Operating Grants and Contributions	
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
General Government	\$4,464,268	\$237,045	\$287,141	\$0
Security of Persons and Property	5,822,616	616,706	127,124	0
Public Health Services	50,350	21,948	0	0
Transportation	1,527,156	0	858,264	180,845
Community Development	622,534	34,194	0	0
Basic Utility Services	962,276	43,187	0	0
Leisure Time Activities	541,336	164,890	0	0
Interest and Fiscal Charges	91,639	0	0	0
<i>Total Governmental Activities</i>	<u>14,082,175</u>	<u>1,117,970</u>	<u>1,272,529</u>	<u>180,845</u>
<b>Business-Type Activities:</b>				
Water	2,901,483	3,321,013	0	0
<i>Total - Primary Government</i>	<u>\$16,983,658</u>	<u>\$4,438,983</u>	<u>\$1,272,529</u>	<u>\$180,845</u>

**General Revenues**

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

*Total General Revenues*

Transfers

*Total General Revenues and Transfers*

Change in Net Position

*Net Position Beginning of Year*

*Net Position End of Year*

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
(\$3,940,082)	\$0	(\$3,940,082)
(5,078,786)	0	(5,078,786)
(28,402)	0	(28,402)
(488,047)	0	(488,047)
(588,340)	0	(588,340)
(919,089)	0	(919,089)
(376,446)	0	(376,446)
(91,639)	0	(91,639)
<u>(11,510,831)</u>	<u>0</u>	<u>(11,510,831)</u>
<u>0</u>	<u>419,530</u>	<u>419,530</u>
<u>(11,510,831)</u>	<u>419,530</u>	<u>(11,091,301)</u>
1,180,311	0	1,180,311
279,436	0	279,436
149,819		149,819
8,743,217	0	8,743,217
220,445		220,445
2,204,447	0	2,204,447
527,895	0	527,895
101,191	0	101,191
4,158	774	4,932
412,943	6,777	419,720
13,823,862	7,551	13,831,413
<u>(21,695)</u>	<u>21,695</u>	<u>0</u>
<u>13,802,167</u>	<u>29,246</u>	<u>13,831,413</u>
2,291,336	448,776	2,740,112
<u>15,932,972</u>	<u>9,459,432</u>	<u>25,392,404</u>
<u>\$18,224,308</u>	<u>\$9,908,208</u>	<u>\$28,132,516</u>

**City of Streetsboro, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2013*

	General	General Obligation Bond Retirement	General Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and					
Cash Equivalents	\$2,659,627	\$261,962	\$733,954	\$1,749,463	\$5,405,006
Materials and Supplies Inventory	28,228	0	0	11,486	39,714
Accounts Receivable	186,024	0	0	138,528	324,552
Intergovernmental Receivable	146,632	13,610	0	363,508	523,750
Prepaid Items	6,251	0	0	0	6,251
Income Taxes Receivable	2,909,794	74,610	746,101	0	3,730,505
Property Taxes Receivable	756,352	278,656	0	119,424	1,154,432
Payments in Lieu of Taxes Receivable	0	100,000	0	0	100,000
Loans Receivable	0	0	0	708,885	708,885
Special Assessments Receivable	0	0	0	48,267	48,267
<i>Total Assets</i>	<u>\$6,692,908</u>	<u>\$728,838</u>	<u>\$1,480,055</u>	<u>\$3,139,561</u>	<u>\$12,041,362</u>
<b>Liabilities</b>					
Accounts Payable	\$56,639	\$0	\$0	\$143,145	\$199,784
Accrued Wages	188,438	0	0	13,555	201,993
Contracts Payable	1,373	0	1,728	0	3,101
Intergovernmental Payable	257,469	0	0	7,040	264,509
<i>Total Liabilities</i>	<u>503,919</u>	<u>0</u>	<u>1,728</u>	<u>163,740</u>	<u>669,387</u>
<b>Deferred Inflows of Resources</b>					
Payments in Lieu of Taxes	0	100,000	0	0	100,000
Property Taxes	737,756	271,805	0	116,488	1,126,049
Unavailable Revenue	1,717,250	60,064	396,032	377,250	2,550,596
<i>Total Deferred Inflows of Resources</i>	<u>2,455,006</u>	<u>431,869</u>	<u>396,032</u>	<u>493,738</u>	<u>3,776,645</u>
<b>Fund Balances</b>					
Nonspendable	34,479	0	0	11,486	45,965
Restricted	0	296,969	0	1,664,159	1,961,128
Committed	12,544	0	1,082,295	806,438	1,901,277
Assigned	263,468	0	0	0	263,468
Unassigned	3,423,492	0	0	0	3,423,492
<i>Total Fund Balances</i>	<u>3,733,983</u>	<u>296,969</u>	<u>1,082,295</u>	<u>2,482,083</u>	<u>7,595,330</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$6,692,908</u>	<u>\$728,838</u>	<u>\$1,480,055</u>	<u>\$3,139,561</u>	<u>\$12,041,362</u>

See accompanying notes to the basic financial statements

**City of Streetsboro, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 December 31, 2013*

<b>Total Governmental Fund Balances</b>	<b>\$7,595,330</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.	15,820,641
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	28,383
Income Taxes	1,980,160
Charges for Services	134,652
Special Assessments	48,267
Intergovernmental	359,134
	2,550,596
Total	2,550,596
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(47,696)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
General Obligation Bonds	(5,469,898)
OPWC Loans Payable	(41,805)
Tax Incremental Financing Agreement	(1,334,244)
Judgements Payable	(356,989)
Capital Leases Payable	(182,499)
Compensated Absences	(353,164)
Deferred Charge on Refunding	44,036
	(7,694,563)
Total	(7,694,563)
<i>Net Position of Governmental Activities</i>	<b>\$18,224,308</b>

See accompanying notes to the basic financial statements

**City of Streetsboro, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2013*

	General	General Obligation Bond Retirement	General Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property Taxes	\$1,183,791	\$280,718	\$0	\$150,369	\$1,614,878
Income Taxes	8,563,105	215,827	2,158,265	0	10,937,197
Special Assessments	0	0	0	21,403	21,403
Payment In Lieu of Taxes	0	101,191	0	0	101,191
Intergovernmental	496,020	25,469	180,845	1,265,303	1,967,637
Interest	3,454	286	0	418	4,158
Fees, Licenses and Permits	182,276	0	0	140,731	323,007
Fines and Forfeitures	90,416	0	0	50,980	141,396
Rentals	0	0	0	955	955
Charges for Services	185,625	0	0	299,111	484,736
Contributions and Donations	0	0	0	10,000	10,000
Cable Franchise Fees	215,730	0	0	0	215,730
Other	344,114	0	19,588	49,241	412,943
<i>Total Revenues</i>	<u>11,264,531</u>	<u>623,491</u>	<u>2,358,698</u>	<u>1,988,511</u>	<u>16,235,231</u>
<b>Expenditures</b>					
Current:					
General Government	3,889,794	5,477	0	442,718	4,337,989
Security of Persons and Property	5,188,397	0	0	217,476	5,405,873
Public Health Services	0	0	0	44,470	44,470
Leisure Time Activities	373,940	0	0	125,393	499,333
Community Development	562,038	0	0	37,278	599,316
Transportation	0	0	0	881,166	881,166
Basic Utility Services	714,753	0	0	0	714,753
Capital Outlay	0	0	1,996,503	295,160	2,291,663
Debt Service:					
Principal Retirement	0	8,096,191	305,361	29,269	8,430,821
Interest and Fiscal Charges	0	72,956	13,017	3,612	89,585
Bond Issuance Costs	0	135,564	0	0	135,564
<i>Total Expenditures</i>	<u>10,728,922</u>	<u>8,310,188</u>	<u>2,314,881</u>	<u>2,076,542</u>	<u>23,430,533</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>535,609</u>	<u>(7,686,697)</u>	<u>43,817</u>	<u>(88,031)</u>	<u>(7,195,302)</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds of GO Bonds	0	3,670,000	0	0	3,670,000
Proceeds of Notes	0	4,000,000	0	0	4,000,000
Premium on Issuance of Debt	0	103,188	0	0	103,188
Transfers In	48,300	300,000	0	0	348,300
Transfers Out	(300,000)	0	0	(69,995)	(369,995)
<i>Total Other Financing Sources (Uses)</i>	<u>(251,700)</u>	<u>8,073,188</u>	<u>0</u>	<u>(69,995)</u>	<u>7,751,493</u>
<i>Net Change in Fund Balances</i>	283,909	386,491	43,817	(158,026)	556,191
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>3,450,074</u>	<u>(89,522)</u>	<u>1,038,478</u>	<u>2,640,109</u>	<u>7,039,139</u>
<i>Fund Balances End of Year</i>	<u>\$3,733,983</u>	<u>\$296,969</u>	<u>\$1,082,295</u>	<u>\$2,482,083</u>	<u>\$7,595,330</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, 2013*

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**Net Change in Fund Balances - Total Governmental Funds** \$556,191

*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	1,933,179
Current Year Depreciation	(1,029,087)

Total	904,092
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Delinquent Property Taxes	(5,312)
Income Taxes	230,912
Intergovernmental	3,632
Charges for Services	(47,854)
Special Assessments	(21,403)

Total	159,975
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Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 8,430,821

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	(604)
Amortization of Premium	5,993
Amortization of Deferred Charge on Refunding	(7,443)

Total	(2,054)
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Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 15,499

Other financing sources in the governmental funds that increase long-term liabilities in the statement of net assets are not reported as revenues in the statement of activities.

Proceeds of GO Bonds	(3,670,000)
Proceeds of Notes	(4,000,000)
Premium on Issuance of Debt	(103,188)

Total	(7,773,188)
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*Change in Net Position of Governmental Activities* \$2,291,336

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, 2013*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$1,071,142	\$1,154,500	\$1,183,791	\$29,291
Income Taxes	8,051,051	8,677,601	8,525,444	(152,157)
Intergovernmental	239,489	258,127	518,682	260,555
Cable Franchise Fee	204,115	220,000	215,730	(4,270)
Interest	2,227	2,400	3,454	1,054
Fees, Licenses and Permits	166,966	179,960	172,867	(7,093)
Fines and Forfeitures	94,635	102,000	96,618	(5,382)
Charges for Services	177,951	191,800	189,143	(2,657)
Other	176,611	190,355	336,382	146,027
<i>Total Revenues</i>	<u>10,184,187</u>	<u>10,976,743</u>	<u>11,242,111</u>	<u>265,368</u>
<b>Expenditures</b>				
Current:				
General Government	4,157,335	4,169,907	3,995,649	174,258
Security of Persons and Property	5,506,975	5,523,201	5,229,593	293,608
Leisure Time Activities	436,791	420,055	380,106	39,949
Community Development	741,065	659,815	573,422	86,393
Basic Utility Services	758,083	808,683	734,254	74,429
<i>Total Expenditures</i>	<u>11,600,249</u>	<u>11,581,661</u>	<u>10,913,024</u>	<u>668,637</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,416,062)</u>	<u>(604,918)</u>	<u>329,087</u>	<u>934,005</u>
<b>Other Financing Sources (Uses)</b>				
Advances-In	700,000	700,000	700,000	0
Advances-Out	(500,000)	(700,000)	(700,000)	0
Transfers In	58,300	58,300	48,300	(10,000)
Transfers Out	0	(300,000)	(300,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>258,300</u>	<u>(241,700)</u>	<u>(251,700)</u>	<u>(10,000)</u>
<i>Net Change in Fund Balance</i>	<u>(1,157,762)</u>	<u>(846,618)</u>	<u>77,387</u>	<u>924,005</u>
<i>Fund Balance Beginning of Year</i>	2,046,124	2,046,124	2,046,124	0
Prior Year Encumbrances Appropriated	199,276	199,276	199,276	0
<i>Fund Balance End of Year</i>	<u>\$1,087,638</u>	<u>\$1,398,782</u>	<u>\$2,322,787</u>	<u>\$924,005</u>

See accompanying notes to the basic financial statements



**City of Streetsboro, Ohio**  
*Statement of Fund Net Position*  
*Enterprise Fund*  
*December 31, 2013*

	Water
<b>Assets</b>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$6,959,131
Receivables:	
Accounts	836,861
Special Assessments	683,711
<i>Total Current Assets</i>	8,479,703
<i>Noncurrent Assets:</i>	
<i>Capital Assets:</i>	
Nondepreciable Capital Assets	547,386
Depreciable Capital Assets, Net	5,149,511
<i>Total Noncurrent Assets</i>	5,696,897
<i>Total Assets</i>	14,176,600
<b>Liabilities</b>	
<i>Current Liabilities:</i>	
Accounts Payable	4,487
Contracts Payable	6,918
Accrued Wages	19,559
Intergovernmental Payable	130,281
Accrued Interest Payable	44,679
General Obligation Bonds Payable	105,000
OWDA Loans Payable	12,730
Compensated Absences Payable	2,737
<i>Total Current Liabilities</i>	326,391
<i>Long-Term Liabilities (net of current portion):</i>	
General Obligation Bonds Payable	3,464,806
OWDA Loans Payable	445,690
Compensated Absences Payable	31,505
<i>Total Long-Term Liabilities</i>	3,942,001
<i>Total Liabilities</i>	4,268,392
<b>Net Position</b>	
Net Investment in Capital Assets	1,668,671
Unrestricted	8,239,537
<i>Total Net Position</i>	\$9,908,208

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, 2013*

	Water
<b>Operating Revenues</b>	
Charges for Services	\$3,240,596
Special Assessments	80,417
Other	6,777
<i>Total Operating Revenues</i>	3,327,790
<b>Operating Expenses</b>	
Personal Services	545,946
Fringe Benefits	208,924
Materials and Supplies	133,653
Contractual Services	1,569,919
Depreciation	369,807
Other	6,754
<i>Total Operating Expenses</i>	2,835,003
<i>Operating Income</i>	492,787
<b>Non-Operating Revenues (Expenses)</b>	
Interest	774
Interest and Fiscal Charges	(66,480)
<i>Total Non-Operating Revenues (Expenses)</i>	(65,706)
<i>Loss before Transfers</i>	427,081
Transfers In	21,695
<i>Change in Net Position</i>	448,776
<i>Net Position Beginning of Year</i>	9,459,432
<i>Net Position End of Year</i>	\$9,908,208

See accompanying notes to the basic financial statements

**City of Streetsboro, Ohio**  
*Statement of Cash Flows*  
*Enterprise Fund*  
For the Year Ended December 31, 2013

	Water
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$2,888,670
Special Assessments	119,789
Other Cash Receipts	6,777
Cash Payments to Employees for Services	(697,746)
Cash Payments for Goods and Services	(1,694,462)
Other Cash Payments	(6,754)
<i>Net Cash Provided by Operating Activities</i>	616,274
<b>Cash Flows from Noncapital and Related Financing Activities</b>	
Transfers In	250,000
Transfers Out	(250,000)
<i>Net Cash Provided by Noncapital Financing Activities</i>	0
<b>Cash Flows from Capital and Related Financing Activities</b>	
Premium on Bonds Issued	96,499
General Obligation Bonds Issued	3,475,000
Principal Paid on OWDA Loans	(4,890)
Interest Paid on OWDA Loans	(8,954)
Payments for Capital Acquisitions	(2,388)
<i>Net Cash Provided by Capital and Related Financing Activities</i>	3,555,267
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	774
<i>Net Increase in Cash and Cash Equivalents</i>	4,172,315
<i>Cash and Cash Equivalents Beginning of Year</i>	2,786,816
<i>Cash and Cash Equivalents End of Year</i>	\$6,959,131

(continued)

**City of Streetsboro, Ohio**  
*Statement of Cash Flows*  
*Enterprise Fund (continued)*  
For the Year Ended December 31, 2013

	Water
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	\$492,787
Adjustments:	
Depreciation	369,807
<i>(Increase) Decrease in Assets:</i>	
Accounts Receivable	(351,926)
Prepaid Items	16,542
Special Assessments	39,372
<i>Increase (Decrease) in Liabilities:</i>	
Accounts Payable	(117,217)
Contracts Payable	6,918
Accrued Wages	8,963
Compensated Absences Payable	28,527
Intergovernmental Payable	122,501
<i>Total Adjustments</i>	123,487
<i>Net Cash Provided by Operating Activities</i>	\$616,274

**Noncash Capital and Related Financing Activities**

During 2013, the bond retirement fund paid \$21,695 in principal and interest on an Ohio Water Development Loan for the water enterprise fund.

See accompanying notes to the basic financial statements

**City of Streetsboro, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*December 31, 2013*

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<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$89,111</u></u>
<b>Liabilities</b>	
Undistributed Monies	<u><u>\$89,111</u></u>

See accompanying notes to the basic financial statements

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**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

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

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

***Reporting Entity***

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

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

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

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

***Basis of Presentation***

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

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

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

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

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

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

***Fund Accounting***

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

***Governmental Funds*** Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

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

***General Obligation Bond Retirement*** - The general obligation bond retirement fund accounts for and reports the accumulation of restricted debt proceeds, and the payment of, general long-term principal, interest and related costs.

***General Capital Improvements Fund*** - The capital improvement fund accounts for 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:



**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

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**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.

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

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements 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.

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include payments in lieu of taxes, property taxes and unavailable revenue. Payments in lieu of taxes and property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2013, but which were levied to finance 2014 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 and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

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***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 2013, investments were limited to STAR Ohio (State Treasury Asset Reserve of Ohio), money market accounts and repurchase agreements all reported at cost.

The City of Streetsboro has invested in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 2013. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share which is the price the investment could be sold at December 31, 2013.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2013 amounted to \$3,454, \$2,393 of which 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, 2013, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

***Inventory***

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

***Capital Assets***

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

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

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

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

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

***Compensated Absences***

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

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

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

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

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

***Fund Balance***

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

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

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***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

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

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

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by City Council. In the general fund, assigned amounts represent intended uses established by policies of the City Council or a City official delegated that authority by City Charter or ordinance, or by State statute. State statute authorizes the Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

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

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

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***Net Position***

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any 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 police range and police and fire pensions.

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.

***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.

***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.

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

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***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.

**Note 3 – Change in Accounting Principles**

For 2013, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 61, “The Financial Reporting Entity: Omnibus.” GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity and financial reporting entity display and disclosure requirements. These changes were incorporated in the City’s 2013 financial statements; however, there was no effect on beginning net position/fund balance.

**Note 4 - 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).
4. Advances-In and Advances-Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

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

	<b>General</b>
GAAP Basis	\$283,909
Net Adjustment for Revenue Accruals	(22,420)
Advances-In	(700,000)
Net Adjustment for Expenditures Accruals	152,738
Advances-Out	700,000
Encumbrances	(336,840)
Budget Basis	\$77,387

**Note 5 - 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 Obligation Bond Retirement	General Capital Improvements	Nonmajor Governmental Funds	Total
<b><i>Nonspendable</i></b>					
Prepays	\$6,251	\$0	\$0	\$0	\$6,251
Inventory	28,228	0	0	11,486	39,714
<b><i>Total Nonspendable</i></b>	<b>34,479</b>	<b>0</b>	<b>0</b>	<b>11,486</b>	<b>45,965</b>
<b><i>Restricted for</i></b>					
Debt Service Payments	0	296,969	0	171,404	468,373
General Government	0	0	0	92,104	92,104
Public Safety	0	0	0	187,578	187,578
Street Maintenance	0	0	0	319,833	319,833
Community Development	0	0	0	805,131	805,131
Public Health and Welfare	0	0	0	86,996	86,996
Capital Improvements	0	0	0	1,113	1,113
<b><i>Total Restricted</i></b>	<b>\$0</b>	<b>\$296,969</b>	<b>\$0</b>	<b>\$1,664,159</b>	<b>\$1,961,128</b>



**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

Fund Balances	General	General Obligation Bond Retirement	General Capital Improvements	Nonmajor Governmental Funds	Total
<b><i>Committed to</i></b>					
Capital Improvements	\$0	\$0	\$1,082,295	\$665,428	\$1,747,723
Recreation	0	0	0	117,307	117,307
Utility Services	12,544	0	0	0	12,544
Community Development	0	0	0	23,703	23,703
<b><i>Total Committed</i></b>	<b>12,544</b>	<b>0</b>	<b>1,082,295</b>	<b>806,438</b>	<b>1,901,277</b>
<b><i>Assigned to</i></b>					
Purchases on Order	263,468	0	0	0	263,468
<b><i>Unassigned</i></b>	<b>3,423,492</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,423,492</b>
<b><i>Total Fund Balances</i></b>	<b>\$3,733,983</b>	<b>\$296,969</b>	<b>\$1,082,295</b>	<b>\$2,482,083</b>	<b>\$7,595,330</b>

**Note 6 - Deposits and Investments**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

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3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

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

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

### **Deposits**

***Custodial Credit Risk*** Custodial credit risk for deposits is the risk that, in the event of failure of the counterparty, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$3,291,368 of the City's bank balance of \$3,689,650 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

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

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

**Investments**

As of December 31, 2013, the City had the following investments:

	Fair Value	Maturity	Moody Rating	Percent of Total Investments
Star Ohio	\$5,337,036	53.4 days	AAAm	N/A
Money Market Accounts	1,001,522	Less than one year	AAAm	10.71 %
Repurchase Agreements	3,010,000	Less than one year	AAAm	32.20
Total Portfolio	<u>\$9,348,558</u>			

**Interest Rate Risk** As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within two years from the date of purchase if they have a variable interest rate and five years for investments that have a fixed rate and that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

**Credit Risk** Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The federal agency securities underlying the repurchase agreements were rated AAAm by Moody's Investor Services. The City has no investment policy that addresses credit risk.

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

**Note 7 - Receivables**

Receivables at December 31, 2013, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, and accounts (billings for utility service).

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

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant and collected within one year. All special assessments are expected to be collected within one year and none are delinquent.

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

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***Property Taxes***

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2013 for real and public utility property taxes represents collections of 2012 taxes.

2013 real property taxes were levied after October 1, 2013, on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2014.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes which became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2014 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2013, was \$2.90 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2013 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	
Residential/Agricultural	\$256,857,620
Other Real Estate	159,798,130
Tangible Personal Property	
Public Utility	<u>7,530,210</u>
Total Assessed Values	<u><u>\$424,185,960</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2013, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2013 operations is offset to deferred inflows of resources – property taxes. On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

***Income Taxes***

The City levies a 2.0 percent income tax on substantially all income earned within the City. In addition, City residents are required to pay tax on income earned outside of the City. The City allows a credit of one hundred percent for income tax paid to another municipality, not to exceed two percent of taxable income. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the Regional Income Tax Agency (RITA) either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. By City Ordinance, effective January 1, 2012, seventy-eight percent of income tax proceeds were credited to the general fund, twenty percent of income tax proceeds were credited to the capital improvement capital projects fund, and two percent were credited to the debt service (bond retirement) fund.

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

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***Payments in Lieu of Taxes***

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

***Intergovernmental Receivables***

A summary of intergovernmental receivables follows:

	<u>Amounts</u>
<b>Governmental Activities</b>	
Gasoline and Municipal Cents per Gallon	\$197,143
Local Government	196,063
Permissive Tax	60,243
Homestead and Rollback	56,384
Portage County	6,832
Estate Tax	6,452
Commercial Activity Tax	<u>633</u>
Total	<u><u>\$523,750</u></u>

**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. All accumulated, unused vacation time is paid upon separation if the employee has acquired at least one year of service with the City. Accumulated, unused sick leave is paid to a retiring employee or, upon the death of the employee, to the employee's estate, up to a maximum of 960 hours, provided the employee has ten or more years' service with the City prior to the date of retirement or death.

**Note 9 - Contingencies**

***Litigation***

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

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
For The Year Ended December 31, 2013

**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, 2013.

**Note 10 - Capital Assets**

Capital asset activity for the year ended December 31, 2013, was as follows:

<b>Governmental Activities</b>	Balance 12/31/2012	Additions	Deductions	Balance 12/31/2013
<i>Capital Assets not being Depreciated:</i>				
Land	\$1,908,840	\$0	\$0	\$1,908,840
<i>Capital Assets being Depreciated:</i>				
Land Improvements	1,142,703	0	0	1,142,703
Buildings and Improvements	5,881,127	34,252	0	5,915,379
Furniture and Equipment	3,109,343	61,492	0	3,170,835
Vehicles	4,436,154	370,686	0	4,806,840
Infrastructure	9,154,758	1,466,749	0	10,621,507
Total Capital Assets being Depreciated	23,724,085	1,933,179	0	25,657,264
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(799,866)	(45,151)	0	(845,017)
Buildings and Improvements	(2,098,521)	(123,285)	0	(2,221,806)
Furniture and Equipment	(2,417,743)	(135,722)	0	(2,553,465)
Vehicles	(3,143,885)	(299,705)	0	(3,443,590)
Infrastructure - Streets	(2,256,361)	(425,224)	0	(2,681,585)
Total Accumulated Depreciation	(10,716,376)	(1,029,087) *	0	(11,745,463)
Total Capital Assets being Depreciated, Net	13,007,709	904,092	0	13,911,801
Governmental Activities Capital Assets, Net	\$14,916,549	\$904,092	\$0	\$15,820,641

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

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

General Government	\$64,536
Security of Persons and Property	330,541
Public Health Services	5,880
Transportation	403,086
Community Development	25,486
Basic Utility Services	155,294
Leisure Time Activities	44,264
<b>Total Depreciation Expense</b>	<b><u><u>\$1,029,087</u></u></b>

	Balance 12/31/2012	Additions	Deductions	Balance 12/31/2013
<b>Business Type Activities:</b>				
<i>Capital Assets not being Depreciated:</i>				
Land	\$547,386	\$0	\$0	\$547,386
<i>Capital Assets being Depreciated:</i>				
Furniture and Equipment	780,000	0	0	780,000
Vehicles	319,039	0	0	319,039
Infrastructure	10,431,784	0	0	10,431,784
Total Capital Assets being Depreciated	11,530,823	0	0	11,530,823
<i>Less Accumulated Depreciation:</i>				
Furniture and Equipment	(596,316)	(31,788)	0	(628,104)
Vehicles	(146,935)	(29,904)	0	(176,839)
Infrastructure	(5,268,254)	(308,115)	0	(5,576,369)
<i>Total Accumulated Depreciation</i>	(6,011,505)	(369,807)	0	(6,381,312)
Total Capital Assets being Depreciated, Net	5,519,318	(369,807)	0	5,149,511
Business Type Activities Capital Assets, Net	\$6,066,704	(\$369,807)	\$0	\$5,696,897

**City of Streetsboro, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2013*

**Note 11 - 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	2030
Term	5.00	505,000	2032
OWDA - Briar Root Manor Waterline	5.01	482,065	2034
<b>Governmental Activities:</b>			
2010 Limited Tax General Obligation Refunding Bonds	1.50-2.75	\$2,880,000	2019
2013 Various Purpose General Obligation Bond - Serial	2.0-4.75	3,670,000	2030
<i>Ohio Public Works Commission Loans</i>			
Aurora Hudson and Wellman	0.00	33,171	2017
State Route 303 Superior and Mount Vernon	0.00	48,291	2015
Tax Incremental Financing Agreement	0.00	2,204,109	2020
Judgments	0.00	616,989	2016

A schedule of changes in bonds and other long-term obligations of the City during 2013 follows:

	Amount			Amount	Amounts
	Outstanding 12/31/2012	Additions	Deletions	Outstanding 12/31/2013	Due In One Year
<b>Business-Type Activities:</b>					
2013 Various Purpose General Obligation Bond					
Serial	\$0	\$2,970,000	\$0	\$2,970,000	\$105,000
Term	0	505,000	0	505,000	0
Premium	0	96,499	(1,693)	94,806	0
Total General Obligation Bonds	0	3,571,499	(1,693)	3,569,806	105,000
OWDA Briar Root Manor Waterline	470,535	0	(12,115)	458,420	12,730
Capital Lease	2,318	0	(2,318)	0	0
Compensated Absences	5,715	29,266	(739)	34,242	2,737
<i>Total Business-Type Activities Obligations</i>	<u>\$478,568</u>	<u>\$3,600,765</u>	<u>(\$16,865)</u>	<u>\$4,062,468</u>	<u>\$120,467</u>



**City of Streetsboro, Ohio**  
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	Amount Outstanding 12/31/2012	Additions	Deletions	Amount Outstanding 12/31/2013	Amounts Due In One Year
<b>Governmental Activities Obligations:</b>					
2010 Limited Tax General Obligation Refunding Bonds					
Serial	\$1,985,000	\$0	(\$295,000)	\$1,690,000	\$305,000
Premium	10,209	0	(1,476)	8,733	0
2013 Various Purpose General Obligation Bond					
Serial	0	3,670,000	0	3,670,000	140,000
Premium	0	103,188	(2,023)	101,165	0
Total General Obligation Bonds	<u>1,995,209</u>	<u>3,773,188</u>	<u>(298,499)</u>	<u>5,469,898</u>	<u>445,000</u>
<i>Ohio Public Works Commission Loans</i>					
Aurora Hudson and Wellman	27,140	0	(6,031)	21,109	6,031
State Route 303 Superior and Mount Vernon	34,493	0	(13,797)	20,696	13,797
Total Ohio Public Works Commission Loans	<u>61,633</u>	<u>0</u>	<u>(19,828)</u>	<u>41,805</u>	<u>19,828</u>
<i>Notes Payable</i>					
Refunding Notes	3,700,000	4,000,000	(7,700,000)	0	0
Refunding Notes - Premium	2,494	0	(2,494)	0	0
Notes Payable	<u>3,702,494</u>	<u>4,000,000</u>	<u>(7,702,494)</u>	<u>0</u>	<u>0</u>
Tax Incremental Financing Agreement	1,435,435	0	(101,191)	1,334,244	103,000
Judgements	486,989	0	(130,000)	356,989	130,000
Capital Lease	367,301	0	(184,802)	182,499	121,286
Compensated Absences	368,663	79,896	(95,395)	353,164	72,035
<i>Total Governmental Activities Obligations</i>	<u><u>\$8,417,724</u></u>	<u><u>\$7,853,084</u></u>	<u><u>(\$8,532,209)</u></u>	<u><u>\$7,738,599</u></u>	<u><u>\$891,149</u></u>

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

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

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

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

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

**City of Streetsboro, Ohio**  
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On January 25, 2013, the City issued \$4,000,000 in refunding notes. The notes were issued for the purpose of paying off the 2012 refunding notes. This issue was retired in full in August of 2013.

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

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

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

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

The City's overall legal debt margin was \$53,077,557 at December 31, 2013. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2013, are as follows:

Business-Type Activities:

	General Obligation Bonds					
	OWDA Loans		Serial			
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$12,730	\$22,809	\$105,000	\$135,349	\$0	\$31,703
2015	13,376	22,163	140,000	105,700	0	25,250
2016	14,054	21,485	145,000	102,900	0	25,250
2017	14,767	20,772	150,000	100,000	0	25,250
2018	15,516	20,023	150,000	97,000	0	25,250
2019 - 2023	90,216	87,479	825,000	418,650	0	126,250
2024 - 2028	115,541	62,154	995,000	244,325	0	126,250
2029 - 2033	147,973	29,722	460,000	33,012	505,000	88,750
2034	34,247	1,292	0	0	0	0
<b>Total</b>	<b>\$458,420</b>	<b>\$287,899</b>	<b>\$2,970,000</b>	<b>\$1,236,936</b>	<b>\$505,000</b>	<b>\$473,953</b>

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

	Various Purpose		OPWC		Totals
	General Obligation Bonds		Loans	Judgments	
	Principal	Interest	Principal	Principal	
2014	\$445,000	\$200,260	\$19,828	\$130,000	\$795,088
2015	480,000	157,363	12,930	130,000	780,293
2016	490,000	148,100	6,031	96,989	741,120
2017	435,000	139,131	3,016	0	577,147
2018	440,000	129,746	0	0	569,746
2019 - 2023	1,275,000	519,548	0	0	1,794,548
2024 - 2028	1,225,000	302,030	0	0	1,527,030
2029 - 2030	570,000	40,850	0	0	610,850
Total	<u>\$5,360,000</u>	<u>\$1,637,028</u>	<u>\$41,805</u>	<u>\$356,989</u>	<u>\$7,395,822</u>

**Note 12 – Capital Lease**

In prior years, the City had entered into capital lease agreements for the acquisition of an asphalt grinder, a wheel loader, copiers, office equipment, dump trucks, water equipment, and various police, fire and service vehicles. These lease obligations meet the criteria of a capital lease and have been recorded on the government-wide statements. The original amounts capitalized for the capital leases and the book values as of December 31, 2013 are as follows:

	Governmental Activities Amounts	Business-Type Activities Amounts	Total
Vehicles	\$849,922	\$0	\$849,922
Equipment	297,417	19,248	316,665
Total Capitalized	1,147,339	19,248	1,166,587
Less: Accumulated Depreciation	(567,734)	(10,586)	(578,320)
Current Book Value	<u>\$579,605</u>	<u>\$8,662</u>	<u>\$588,267</u>

**City of Streetsboro, Ohio**  
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The following is a schedule of the future minimum leases payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2013.

	Governmental Activities Amounts
2014	\$129,012
2015	63,250
Total Minimum Lease Payments	192,262
Less: Amount representing interest	(9,763)
Present Value of Minimum Lease Payments	\$182,499

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

**Note 13 – Note Debt**

The City’s note activity, including amounts outstanding and interest rates, is as follows:

	Balance 12/31/12	Additions	Reductions	Balance 12/31/13
Refunding Note	\$300,000	\$0	\$300,000	\$0

On January 25, 2012 the City issued \$4,300,000 in refunding notes in order to finance a portion of the judgments payable, of which \$300,000 was considered short-term. This amount was paid in full in 2013.

**Note 14 - Interfund Transfers**

Interfund transfers for the year ended December 31, 2013 consisted of a transfer from the general fund to the general obligation bond retirement debt service fund in the amount of \$300,000 to pay the principal due on the 2012 refunding note. The revolving loan special revenue fund transferred to the general fund \$48,300 to cover costs paid by the general fund during the year. The special assessment bond retirement debt service fund transferred to the water enterprise fund \$21,695 to move its portion of OWDA payment to the water fund.

**City of Streetsboro, Ohio**  
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**Note 15 - 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 2013, the City contracted with Love Insurance, Incorporated for various types of insurance as follows:

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
General liability:		
Each occurrence	\$6,000,000	-
Annual aggregate	8,000,000	-
Employer's liability	6,000,000	\$25,000
Employee benefits liability:		
Each occurrence	6,000,000	-
Annual aggregate	8,000,000	-
Law enforcement officer's liability:		
Each occurrence	6,000,000	5,000
Annual aggregate	8,000,000	5,000
Public officials liability:		
Each occurrence	6,000,000	25,000
Annual aggregate	8,000,000	25,000
Property (building and contents)	15,781,377	1,000
Boiler and machinery	Included	
Inland marine:		
Special property	962,709	1,000
Electronic equipment	150,000	1,000
Automobile coverage:		
Liability	6,000,000	-
Medical Payments	-	-

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

***Workers' Compensation***

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

**Note 16 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the

**City of Streetsboro, Ohio**  
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Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.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 statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions. For the year ended December 31, 2013, members in state and local divisions contributed 10 percent of covered payroll. Members in the State and local divisions may participate in all three plans. For 2013, member and employer contribution rates were consistent across all three plans.

The City's 2013 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. For 2013, the portion of employer contribution allocated to health care was 1.00 percent for members in the Traditional Plan and the Combined Plan. Effective January 1, 2014, the portion of employer contributions allocated to health care increased to 2 percent. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012 and 2011 were \$325,331, \$319,586 and \$239,058, respectively. For 2013, 97.35 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011. Contributions to the Member-Directed Plan for 2013 were \$17,033 made by the City and \$12,167 made by plan members.

### ***Ohio Police and Fire Pension Fund***

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability 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 for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – Employer and employee contribution rates are set by the Ohio Revised Code. From January 1, 2013 thru July 1, 2013, plan members were required to contribute 10 percent of their annual covered salary. From July 2, 2013, thru December 31, 2013, plan members were required to contribute 10.75 percent of their annual covered salary. Throughout 2013, employers were required to contribute 19.5 percent and 24 percent respectively for police officers and firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. For January 1, 2013, thru May 31, 2013, the portion of employer contributions used to fund pension benefits was 14.81 percent of covered payroll for police officers and

**City of Streetsboro, Ohio**  
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19.31 percent of covered payroll for firefighters. For June 1, 2013, thru December 31, 2013, the portion of employer contributions used to fund pension benefits was 16.65 percent of covered payroll for police officers and 21.15 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters pension were \$248,513 and \$198,556 for the year ended December 31, 2013, \$220,766 and \$206,698 for the year ended December 31, 2012, and \$205,129 and \$198,760 for the year ended December 31, 2011, respectively. For 2013, 91.52 percent for police and 88.07 percent for firefighters has been contributed with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

## **Note 17 – Postemployment Benefits**

### ***Ohio Public Employees Retirement System***

Plan Description – 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 plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.0 percent of covered payroll. This is the maximum employer contribution rate permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2013, the portion of employer contributions allocated to health care for members in the Traditional Plan and the Contributed Plan was 1.0 percent. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2 percent for both plans, as recommended by the OPERS Actuary.

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The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012 and 2011 were \$130,133, \$127,834, and \$181,924, respectively. For 2013, 97.35 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

***Ohio Police and Fire Pension Fund***

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

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. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F's website at [www.op-f.org](http://www.op-f.org).

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 by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

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

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 January 1, 2013, thru May 31, 2013, the employer contribution allocated to the health care plan was 4.69 percent of covered payroll. For June 1, 2013, thru December 31, 2013, the



**City of Streetsboro, Ohio**  
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employer contribution allocated to the health care plan was 2.85 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 also is 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 contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$131,566 and \$77,696 for the year ended December 31, 2013, \$116,876 and \$80,882 for the year ended December 31, 2012, and \$108,597 and \$77,775 for the year ended December 31, 2011. For 2013, 91.52 percent has been contributed for police and 88.07 percent has been contributed for firefighters with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

**Note 18 – Significant Commitments**

***Encumbrances***

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

<b>Governmental Funds</b>		<b>Proprietary Funds</b>	
General Fund	\$336,840	Water	<u>\$3,909,200</u>
General Capital Improvements	144,685		
Nonmajor Funds	<u>169,289</u>		
<i>Total Governmental Funds</i>	<u><u>\$650,814</u></u>		

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# Dave Yost • Auditor of State

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

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

To the Honorable Mayor and City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Streetsboro, Portage County, Ohio (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements which collectively comprise the City's basic financial statements and have issued our report thereon dated October 10, 2014.

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

October 10, 2014



# Dave Yost • Auditor of State

**CITY OF STREETSBORO**

**PORTAGE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 13, 2014**