



OHIO AUDITOR OF STATE
KEITH FABER



**CITY OF STREETSBORO
PORTAGE COUNTY**

**DECEMBER 31, 2022
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CITY OF STREETSBORO
PORTAGE COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited 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 (City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Local Fiscal Recovery Funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As discussed in Note 2 to the financial statements, during 2022, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.



Keith Faber
Auditor of State
Columbus, Ohio

October 31, 2023

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City of Streetsboro
Portage County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)

The discussion and analysis of the City of Streetsboro (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2022 are as follows:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$50.2 million (net position).
- The City's net position increased by approximately \$9.0 million during the fiscal year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of approximately \$23.1 million, an increase of \$3.4 million in comparison with the prior year.

Overview of the Financial Statements

This report is designed to allow the reader to look at the financial activities of the City of Streetsboro as a whole and is intended to allow the reader to obtain a summary view or a more detailed view of the City's operations, as they prefer.

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. In the case of the City, the general fund is the most significant fund.

The local fiscal recovery and general capital improvement funds are also included as major funds.

Reporting the City as a Whole

Statement of Net Position and Statement of Activities

The Statement of Net Position and the Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2022 and how they affected the operations of the City as a whole.

City of Streetsboro
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A question typically asked about the City's finances is "How did we do financially during 2022?" The statement of net position and the statement of activities answer this question. These statements include all non-fiduciary assets and deferred outflows of resources and liabilities and deferred inflows of resources using the *accrual basis of accounting* 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.

These two statements report the City's net position and changes in net position. This change in net position is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, and other factors.

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

- **Governmental Activities** - Most of the City's programs and services are reported here, including general government, security of persons and property, public health services, leisure time services, community development, basic utility service and transportation.
- **Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's water fund is reported as business-type activity.

Reporting the City of Streetsboro's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been safeguarded for specific activities or objectives. The City uses many funds to account for financial transactions. However, these fund financial statements focus on the City's most significant funds.

Governmental Funds Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance future services. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

City of Streetsboro
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(Unaudited)

The City of Streetsboro as a Whole

Recall that the Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position for 2022 compared to 2021. Calendar year 2021 has been restated for the implementation of GASB Statement 87, *Leases*.

Table 1
Net Position

	Governmental Activities			Business-Type Activities		
	2022	Restated 2021	Change	2022	2021	Change
Assets						
Current & Other Assets	\$ 32,278,721	\$ 27,951,372	\$ 4,327,349	\$ 7,559,038	\$ 7,726,800	\$ (167,762)
Net Pension/OPEB Asset	652,803	401,646	251,157	115,201	70,878	44,323
Capital Assets	36,373,600	33,044,913	3,328,687	9,518,745	8,924,978	593,767
<i>Total Assets</i>	<u>69,305,124</u>	<u>61,397,931</u>	<u>7,907,193</u>	<u>17,192,984</u>	<u>16,722,656</u>	<u>470,328</u>
Deferred Outflows of Resources						
Deferred Charges	134,587	148,046	(13,459)	141,268	155,395	(14,127)
Pension & OPEB	4,785,296	3,483,564	1,301,732	156,256	144,023	12,233
<i>Total Deferred Outflows of Resources</i>	<u>4,919,883</u>	<u>3,631,610</u>	<u>1,288,273</u>	<u>297,524</u>	<u>299,418</u>	<u>(1,894)</u>
Liabilities						
Current & Other Liabilities	4,236,959	3,573,833	663,126	541,506	261,492	280,014
Long-Term Liabilities:						
Due Within One Year	843,940	721,425	122,515	347,288	206,787	140,501
Due In More Than One Year:						
Net Pension Liability	11,263,803	13,282,521	(2,018,718)	309,926	523,930	(214,004)
Net OPEB Liability	1,668,064	1,602,943	65,121	-	-	-
Other Amounts	9,269,781	9,852,825	(583,044)	2,935,825	3,118,930	(183,105)
<i>Total Liabilities</i>	<u>27,282,547</u>	<u>29,033,547</u>	<u>(1,751,000)</u>	<u>4,134,545</u>	<u>4,111,139</u>	<u>23,406</u>
Deferred Inflows of Resources						
Property Taxes	2,018,593	1,779,742	238,851	-	-	-
Payments in Lieu of Taxes	100,150	100,150	-	-	-	-
Leases	359,945	373,528	(13,583)	-	-	-
Pension & OPEB	7,100,001	4,977,230	2,122,771	494,468	432,539	61,929
<i>Total Deferred Inflows of Resources</i>	<u>9,578,689</u>	<u>7,230,650</u>	<u>2,348,039</u>	<u>494,468</u>	<u>432,539</u>	<u>61,929</u>
Net Investment in Capital Assets	30,396,849	26,805,261	3,591,588	6,886,937	6,167,579	719,358
Restricted	1,846,436	3,279,079	(1,432,643)	-	-	-
Unrestricted	5,120,486	(1,318,996)	6,439,482	5,974,558	6,310,817	(336,259)
<i>Total Net Position</i>	<u>\$ 37,363,771</u>	<u>\$ 28,765,344</u>	<u>\$ 8,598,427</u>	<u>\$ 12,861,495</u>	<u>\$ 12,478,396</u>	<u>\$ 383,099</u>

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2022 and is reported pursuant to GASB Statement 68, Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27. In a prior year, the City adopted GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which significantly revised accounting for costs and liabilities related to other postemployment benefits (OPEB).

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For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows of resources related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting net OPEB asset and deferred outflows of resources related to pension and OPEB.

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

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

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

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

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

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e., sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government.

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In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

A portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

In governmental activities, the increase in current assets can be attributed to an increase in cash, mainly due to increased property, income, and other taxes paired with conservative spending. Capital assets increased mainly due to capital contributions by the Ohio Department of Transportation to ongoing projects in the City. Current liabilities increased due to the addition of unearned revenue from the American Rescue Plan Act funding not being spent by year-end.

In business-type activities, the increase in current liabilities is due to delayed billing from Portage County for water services during the fiscal year.

Changes to the net pension/OPEB asset, pension/OPEB deferred inflows and outflows, and the net pension/OPEB liabilities are due to changes in the assumptions and earnings on investments which the City does not control. See the respective notes for more information.

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Portage County, Ohio
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For the Year Ended December 31, 2022
(Unaudited)

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2022 and 2021.

Table 2
Changes in Net Position

	Governmental Activities			Business-Type Activities		
	2022	2021	Change	2022	2021	Change
Revenues						
<i>Program Revenues</i>						
Charges for Services	\$ 2,059,645	\$ 1,660,347	\$ 399,298	\$ 3,743,442	\$ 3,679,748	\$ 63,694
Operating Grants	1,238,841	1,464,651	(225,810)	-	-	-
Capital Grants	3,240,339	1,746,538	1,493,801	376	6,585	(6,209)
<i>Total Program Revenues</i>	<u>6,538,825</u>	<u>4,871,536</u>	<u>1,667,289</u>	<u>3,743,818</u>	<u>3,686,333</u>	<u>57,485</u>
General Revenues						
Property Taxes	1,954,417	1,780,211	174,206	-	-	-
Income Taxes	16,670,994	15,480,622	1,190,372	-	-	-
Grants & Entitlements	486,030	559,768	(73,738)	-	-	-
Payments in Lieu of Taxes	109,459	82,250	27,209	-	-	-
Insurance Recoveries	6,286	-	6,286	-	-	-
Other	1,806,813	1,508,654	298,159	37,375	324,233	(286,858)
<i>Total General Revenues</i>	<u>21,033,999</u>	<u>19,411,505</u>	<u>1,622,494</u>	<u>37,375</u>	<u>324,233</u>	<u>(286,858)</u>
<i>Total Revenues</i>	<u>27,572,824</u>	<u>24,283,041</u>	<u>3,289,783</u>	<u>3,781,193</u>	<u>4,010,566</u>	<u>(229,373)</u>
Program Expenses						
General Government	6,334,144	4,236,248	2,097,896	-	-	-
Security of Persons and Property	7,646,214	7,106,940	539,274	-	-	-
Public Health	23,992	12,578	11,414	-	-	-
Leisure Time Activities	736,259	335,320	400,939	-	-	-
Community and Economic Development	1,249,126	974,871	274,255	-	-	-
Basic Utility Service	1,029,703	549,122	480,581	-	-	-
Transportation	1,713,756	2,871,650	(1,157,894)	-	-	-
Interest and Fiscal Charges	209,016	209,728	(712)	-	-	-
Enterprise Operations						
Water	-	-	-	3,430,281	3,558,437	(128,156)
<i>Total Expenses</i>	<u>18,942,210</u>	<u>16,296,457</u>	<u>2,645,753</u>	<u>3,430,281</u>	<u>3,558,437</u>	<u>(128,156)</u>
Income(Loss) before Transfers	8,630,614	7,986,584	644,030	350,912	452,129	(101,217)
Transfers	(32,187)	(132,004)	99,817	32,187	132,004	(99,817)
<i>Total General Revenues and Transfers</i>	<u>29,632,426</u>	<u>27,266,085</u>	<u>2,366,341</u>	<u>420,474</u>	<u>908,366</u>	<u>(487,892)</u>
<i>Change in Net Position</i>	8,598,427	7,854,580	743,847	383,099	584,133	(201,034)
<i>Net Position Beginning of Year</i>	28,765,344	20,910,764	7,854,580	12,478,396	11,894,263	584,133
<i>Restatement - See Note 2</i>	-	-	-	-	-	-
<i>Net Position End of Year</i>	<u>\$ 37,363,771</u>	<u>\$ 28,765,344</u>	<u>\$ 8,598,427</u>	<u>\$ 12,861,495</u>	<u>\$ 12,478,396</u>	<u>\$ 383,099</u>

The City's overall net position increased in both governmental and business type activities from the prior year. The reasons for the increases are discussed in the following sections for governmental activities and business-type activities.

City of Streetsboro
Portage County, Ohio
Management's Discussion and Analysis
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(Unaudited)

Governmental Activities

The funding for the governmental activities comes from several different sources, the most significant being the municipal income tax. Other prominent sources are charges for services, operating grants, and property taxes.

The City's income tax rate is 2.00 percent. All persons the age of eighteen and over residing in and/or earning or receiving income in the City are subject to the tax.

General revenues include grants and entitlements, such as local government funds. Governmental activities are funded with the combination of income tax, property tax, and intergovernmental funding. The City monitors its sources of revenues very closely for fluctuations.

Charges for services increased primarily due to more activity for EMS services. Capital grants increased over prior year as a result of the contributions by ODOT for construction projects in the City. Other revenue increased over the prior fiscal year mainly from higher hotel/motel tax collections and interest earnings.

Several expenditures increased significantly from the previous year. General government, leisure time activities, community and economic development, and basic utility services increased due to increased costs of wages and benefits. Transportation expenditures decreased mainly due to a decrease in revenues for repair and maintenance of the City's streets.

Business-Type Activities

Business-type activity includes water operations. The revenues are generated primarily from charges for services. Operations were comparable to the prior year.

Miscellaneous revenues decreased due to the recognition of \$300,000 in settlement receivable during 2021.

The City's Funds

Governmental Funds

Table 3 provides a comparison of the City's governmental fund balances for 2022 and 2021:

Table 3
Governmental Fund Balances

	Fund Balance		Increase(Decrease)
	12/31/2022	12/31/2021	
General	\$ 13,814,444	\$ 11,892,187	\$ 1,922,257
Local Fiscal Recovery	-	-	-
General Capital Improvements	4,177,703	2,957,211	1,220,492

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As noted earlier, the City's governmental funds are accounted for using the modified accrual method of accounting. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of the fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

The general fund is the chief operating fund of the City. the increase in current assets can be attributed to an increase in cash, mainly due to increased property, income, and other taxes paired with conservative spending.

The increase in the general capital improvements fund balance is primarily due to an increase in collections of income tax and the timing of projects.

Proprietary Funds

Table 4 provides a comparison of the City's enterprise funds net position for 2022 and 2021:

Table 4
Enterprise Fund Net Position

	Net Position		
	12/31/2022	12/31/2021	Increase
Water Fund	\$ 12,861,495	\$ 12,478,396	\$ 383,099

The City's proprietary fund provides the same type of information found in the government-wide financial statements for the business-type activities, but in more detail.

The increase in net position of the water fund is due to the factors addressed previously in the discussion of the business-type activities.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

Original Budget Compared to Final Budget

During the year there were adjustments made to original revenues. The largest were to account for increased income tax collections and other revenue consisting of developer deposits. Community development expenditures were adjusted similarly to developer deposits to account for deposit refunds. Transfers out were increased to provide funding to ongoing capital projects.

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(Unaudited)

Final Budget Compared to Actual Results

Actual revenues were higher than final budgeted revenues due to larger-than-expected income, property and other local tax revenue. Fewer license and permit applications to the building department resulted in actual license and permit revenue that was lower than the final budget. General government expenditures were lower than expected due to significant operating cost savings. Community and economic development expenditures were lower than expected due to the fewer license and permit applications previously mentioned.

Capital Assets and Debt Administration

Capital Assets

Capital assets include land, construction in progress, land improvements, buildings and improvements, leased buildings and improvements, furniture and equipment, vehicles, and infrastructure. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Major capital asset events during the current year in the form of capital contributions include the following ongoing construction projects:

- State Route 14 widening
- State Route 43 improvements
- Frost Road improvements

See Note 9 for further details.

Debt

The City's debt decreased due to regular debt payments. Additional information is found in Note 12.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, customers, 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 Matt Miller, Finance Director, 9184 State Route 43, Streetsboro, Ohio 44241.

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City of Streetsboro
Portage County, Ohio
Statement of Net Position
December 31, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 22,004,507	\$ 5,612,935	\$ 27,617,442
Cash and Cash Equivalents with Fiscal Agents	1,203,554	-	1,203,554
Accounts Receivable	841,149	889,835	1,730,984
Intergovernmental Receivable	940,988	-	940,988
Property Taxes Receivable	2,054,845	-	2,054,845
Income Taxes Receivable	4,056,135	-	4,056,135
Payments in Lieu of Taxes Receivable	100,150	-	100,150
Settlement Receivable	-	100,000	100,000
Leases Receivable	370,267	-	370,267
Loans Receivable	353,929	-	353,929
Special Assessments Receivable	85,310	955,693	1,041,003
Prepaid Items	96,499	216	96,715
Materials and Supplies Inventory	171,388	359	171,747
Net OPEB Asset	652,803	115,201	768,004
Capital Assets, Not Being Depreciated/Amortized	10,097,612	1,438,594	11,536,206
Capital Assets Depreciated/Amortized, net	26,275,988	8,080,151	34,356,139
<i>Total Assets</i>	<u>69,305,124</u>	<u>17,192,984</u>	<u>86,498,108</u>
Deferred Outflows of Resources			
Deferred Charges on Refunding	134,587	141,268	275,855
Pension	3,828,367	149,406	3,977,773
OPEB	956,929	6,850	963,779
<i>Total Deferred Outflows of Resources</i>	<u>4,919,883</u>	<u>297,524</u>	<u>5,217,407</u>
Liabilities			
Accounts Payable	637,938	46,895	684,833
Accrued Wages and Benefits	222,092	14,819	236,911
Vacation Benefits Payable	412,592	41,527	454,119
Contracts Payable	183,140	151,869	335,009
Retainage Payable	55,124	-	55,124
Intergovernmental Payable	161,731	286,396	448,127
Deposits Held and Due to Other	831,363	-	831,363
Unearned Revenue	1,732,979	-	1,732,979
Long-Term Liabilities:			
Due Within One Year	843,940	347,288	1,191,228
Due In More Than One Year:			
Net Pension Liability	11,263,803	309,926	11,573,729
Net OPEB Liability	1,668,064	-	1,668,064
Other Amounts Due in More Than One Year	9,269,781	2,935,825	12,205,606
<i>Total Liabilities</i>	<u>27,282,547</u>	<u>4,134,545</u>	<u>31,417,092</u>
Deferred Inflows of Resources			
Property Taxes	2,018,593	-	2,018,593
Payments in Lieu of Taxes	100,150	-	100,150
Leases	359,945	-	359,945
Pension	5,666,154	375,443	6,041,597
OPEB	1,433,847	119,025	1,552,872
<i>Total Deferred Inflows of Resources</i>	<u>9,578,689</u>	<u>494,468</u>	<u>10,073,157</u>
Net Position			
Net Investment in Capital Assets	30,396,849	6,886,937	37,283,786
Restricted for:			
Capital Projects	1,113	-	1,113
Other Purposes	1,845,323	-	1,845,323
Unrestricted	5,120,486	5,974,558	11,095,044
<i>Total Net Position</i>	<u>\$ 37,363,771</u>	<u>\$ 12,861,495</u>	<u>\$ 50,225,266</u>

See accompanying notes to the basic financial statements

City of Streetsboro
Portage County, Ohio
Statement of Activities
For the Year Ended December 31, 2022

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 6,334,144	\$ 1,424,877	\$ 1,000	\$ 133,547
Security of Persons and Property	7,646,214	477,625	22,626	-
Public Health Services	23,992	14,803	-	-
Leisure Time Activities	736,259	142,340	-	13,614
Community Development	1,249,126	-	122	-
Basic Utility Services	1,029,703	-	-	-
Transportation	1,713,756	-	1,215,093	3,093,178
Interest and Fiscal Charges	209,016	-	-	-
<i>Total Governmental Activities</i>	<u>18,942,210</u>	<u>2,059,645</u>	<u>1,238,841</u>	<u>3,240,339</u>
Business-Type Activities				
Water	3,430,281	3,743,442	-	376
<i>Total</i>	<u>\$ 22,372,491</u>	<u>\$ 5,803,087</u>	<u>\$ 1,238,841</u>	<u>\$ 3,240,715</u>

General Revenues

Property Taxes Levied for:
General Purposes
General Obligation Bond Retirement
Fire Station and Service Garage Bond Retirement
Police Pension
Income Taxes Levied for:
General Purposes
General Capital Improvements
Grants and Entitlements not Restricted to Specific Programs
Payments in Lieu of Taxes
Hotel/Motel Tax
Insurance Recoveries
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

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (4,774,720)	\$ -	\$ (4,774,720)
(7,145,963)	-	(7,145,963)
(9,189)	-	(9,189)
(580,305)	-	(580,305)
(1,249,004)	-	(1,249,004)
(1,029,703)	-	(1,029,703)
2,594,515	-	2,594,515
(209,016)	-	(209,016)
<u>(12,403,385)</u>	<u>-</u>	<u>(12,403,385)</u>
-	313,537	313,537
<u>(12,403,385)</u>	<u>313,537</u>	<u>(12,089,848)</u>
985,313	-	985,313
363,107	-	363,107
450,423	-	450,423
155,574	-	155,574
13,746,173	-	13,746,173
2,924,821	-	2,924,821
486,030	-	486,030
109,459	-	109,459
764,717	-	764,717
6,286	-	6,286
93,050	31,333	124,383
949,046	6,042	955,088
<u>21,033,999</u>	<u>37,375</u>	<u>21,071,374</u>
(32,187)	32,187	-
<u>21,001,812</u>	<u>69,562</u>	<u>21,071,374</u>
8,598,427	383,099	8,981,526
<u>28,765,344</u>	<u>12,478,396</u>	<u>41,243,740</u>
<u>\$ 37,363,771</u>	<u>\$ 12,861,495</u>	<u>\$ 50,225,266</u>

See accompanying notes to the basic financial statements

City of Streetsboro
Portage County, Ohio
Balance Sheet
Governmental Funds
December 31, 2022

	General	Local Fiscal Recovery	General Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 12,050,519	\$ 1,732,979	\$ 2,799,845	\$ 4,589,940	\$ 21,173,283
Cash and Cash Equivalents with Fiscal Agents	-	-	1,203,554	-	1,203,554
Restricted Assets					
Equity in Pooled Cash and Cash Equivalents	831,114	-	-	110	831,224
Accounts Receivable	389,867	-	5,160	446,122	841,149
Intergovernmental Receivable	223,494	-	111,187	606,307	940,988
Property Taxes Receivable	1,036,375	-	-	1,018,470	2,054,845
Income Taxes Receivable	3,326,031	-	730,104	-	4,056,135
Payments in Lieu of Taxes Receivable	-	-	-	100,150	100,150
Leases Receivable	-	-	-	370,267	370,267
Loans Receivable	-	-	-	353,929	353,929
Special Assessments Receivable	-	-	16,022	69,288	85,310
Prepaid Items	95,771	-	-	728	96,499
Materials and Supplies Inventory	57,193	-	-	114,195	171,388
<i>Total Assets</i>	<u>\$ 18,010,364</u>	<u>\$ 1,732,979</u>	<u>\$ 4,865,872</u>	<u>\$ 7,669,506</u>	<u>\$ 32,278,721</u>
Liabilities					
Accounts Payable	\$ 342,143	\$ -	\$ 227,687	\$ 68,108	\$ 637,938
Accrued Wages and Benefits	213,069	-	-	9,023	222,092
Contracts Payable	39,869	-	70,807	72,464	183,140
Retainage Payable	-	-	55,124	-	55,124
Intergovernmental Payable	156,449	-	-	5,282	161,731
Deposits Held and Due to Others	831,253	-	-	110	831,363
Unearned Revenue	-	1,732,979	-	-	1,732,979
<i>Total Liabilities</i>	<u>1,582,783</u>	<u>1,732,979</u>	<u>353,618</u>	<u>154,987</u>	<u>3,824,367</u>
Deferred Inflows of Resources					
Property Taxes	1,017,759	-	-	1,000,834	2,018,593
Payments in Lieu of Taxes	-	-	-	100,150	100,150
Unavailable Revenue	1,595,378	-	334,551	903,872	2,833,801
Leases	-	-	-	359,945	359,945
<i>Total Deferred Inflows of Resources</i>	<u>2,613,137</u>	<u>-</u>	<u>334,551</u>	<u>2,364,801</u>	<u>5,312,489</u>
Fund Balances					
Nonspendable	153,106	-	-	114,923	268,029
Restricted	-	-	-	4,521,009	4,521,009
Committed	563,011	-	4,177,703	513,786	5,254,500
Assigned	1,000,073	-	-	-	1,000,073
Unassigned	12,098,254	-	-	-	12,098,254
<i>Total Fund Balance</i>	<u>13,814,444</u>	<u>-</u>	<u>4,177,703</u>	<u>5,149,718</u>	<u>23,141,865</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 18,010,364</u>	<u>\$ 1,732,979</u>	<u>\$ 4,865,872</u>	<u>\$ 7,669,506</u>	<u>\$ 32,278,721</u>

See accompanying notes to the basic financial statements

City of Streetsboro
Portage County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2022

Total Governmental Fund Balances	\$	23,141,865
<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.		36,373,600
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Delinquent Property Taxes	\$ 36,252	
Income Tax	1,376,708	
Intergovernmental	641,804	
Charges for Services	684,695	
Special Assessments	92,670	
Other	1,672	2,833,801
Unamortized loss on refunding represents deferred outflows, which do not use current financial resources and, therefore, are not reported in the funds.		134,587
The net pension liability and net OPEB liability/asset are not due and payable in the current period, therefore, the liability/asset and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB Asset	652,803	
Deferred Outflows - Pension	3,828,367	
Deferred Outflows - OPEB	956,929	
Net Pension Liability	(11,263,803)	
Net OPEB Liability	(1,668,064)	
Deferred Inflows - Pension	(5,666,154)	
Deferred Inflows - OPEB	(1,433,847)	(14,593,769)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(7,185,000)	
OPWC Loans Payable	(89,655)	
Tax Incremental Financing Agreement	(479,058)	
Unamortized Bond Premium	(921,692)	
Leases	(519,554)	
Accrued Vacation Leave Payable	(412,592)	
Compensated Absences	(918,762)	(10,526,313)
<i>Net Position of Governmental Activities</i>	\$	37,363,771

City of Streetsboro
Portage County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2022

	General	Local Fiscal Recovery	General Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$ 986,732	\$ -	\$ -	\$ 970,348	\$ 1,957,080
Income Taxes	13,760,371	-	2,927,939	-	16,688,310
Other Local Taxes	573,538	-	-	191,179	764,717
Payments in Lieu of Taxes	-	-	-	109,459	109,459
Special Assessments	-	-	5,522	18,148	23,670
Charges for Services	492,886	-	-	479,633	972,519
Fees, Licenses and Permits	813,680	-	-	26,050	839,730
Fines and Forfeitures	48,139	-	-	8,690	56,829
Intergovernmental	433,780	-	258,902	1,344,169	2,036,851
Interest	81,681	-	-	32,645	114,326
Rent	-	-	-	15,137	15,137
Contributions and Donations	-	-	-	1,000	1,000
Other	814,773	-	55,541	81,099	951,413
<i>Total Revenues</i>	<u>18,005,580</u>	<u>-</u>	<u>3,247,904</u>	<u>3,277,557</u>	<u>24,531,041</u>
Expenditures					
Current:					
General Government	5,734,635	-	32,535	264,627	6,031,797
Security of Persons and Property	6,777,526	-	-	173,457	6,950,983
Public Health Services	-	-	-	20,140	20,140
Leisure Time Activities	650,514	-	-	118,862	769,376
Community Development	1,316,895	-	-	-	1,316,895
Basic Utility Services	927,870	-	-	-	927,870
Transportation	-	-	162	929,261	929,423
Capital Outlay	-	-	2,338,818	980,580	3,319,398
Debt Service:					
Principal Retirement	53,847	-	5,977	522,011	581,835
Interest and Fiscal Charges	21,956	-	-	254,300	276,256
<i>Total Expenditures</i>	<u>15,483,243</u>	<u>-</u>	<u>2,377,492</u>	<u>3,263,238</u>	<u>21,123,973</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,522,337</u>	<u>-</u>	<u>870,412</u>	<u>14,319</u>	<u>3,407,068</u>
Other Financing Sources (Uses)					
Insurance Recoveries	-	-	-	6,286	6,286
Transfers In	-	-	350,080	250,000	600,080
Transfers Out	(600,080)	-	-	(32,187)	(632,267)
<i>Total Other Financing Sources (Uses)</i>	<u>(600,080)</u>	<u>-</u>	<u>350,080</u>	<u>224,099</u>	<u>(25,901)</u>
<i>Net Change in Fund Balances</i>	1,922,257	-	1,220,492	238,418	3,381,167
<i>Fund Balances Beginning of Year</i>	<u>11,892,187</u>	<u>-</u>	<u>2,957,211</u>	<u>4,911,300</u>	<u>19,760,698</u>
<i>Fund Balances End of Year</i>	<u>\$ 13,814,444</u>	<u>\$ -</u>	<u>\$ 4,177,703</u>	<u>\$ 5,149,718</u>	<u>\$ 23,141,865</u>

See accompanying notes to the basic financial statements

**City of Streetsboro
Portage County, 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, 2022*

Net Change in Fund Balances - Total Governmental Funds	\$	3,381,167
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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/amortization expense.		
Capital Asset Additions	\$ 5,593,528	
Current Year Depreciation	<u>(2,249,034)</u>	3,344,494
 Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(15,807)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	(2,763)	
Income Taxes	(17,316)	
Intergovernmental	(187,095)	
Charges for Services	175,430	
Special Assessments	(16,210)	
Other	<u>(9,727)</u>	(57,681)
 Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	415,000	
OPWC Loans	5,977	
Tax Incremental Financing Agreement	107,011	
Leases	<u>53,847</u>	581,835
 In the statement of activities, interest is accrued on outstanding bonds, and bond premium and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Amortization of Premium on Bonds	59,507	
Amortization of Deferred Charge on Refunding	<u>(13,459)</u>	46,048
 Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,339,179	
OPEB	<u>20,604</u>	1,359,783
 Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(368,274)	
OPEB	<u>413,398</u>	45,124
 Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences	(180,813)	
Accrued Vacation Leave Payable	<u>94,277</u>	(86,536)
 <i>Change in Net Position of Governmental Activities</i>	 \$	 <u><u>8,598,427</u></u>

City of Streetsboro
Portage County, Ohio
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property Taxes	\$ 897,745	\$ 897,745	\$ 986,732	\$ 88,987
Income Taxes	12,147,162	12,450,841	13,777,175	1,326,334
Other Local Taxes	375,000	375,000	567,590	192,590
Charges for Services	478,701	478,701	491,239	12,538
Fees, Licenses and Permits	838,250	1,018,250	765,703	(252,547)
Fines and Forfeitures	39,000	39,000	50,154	11,154
Intergovernmental	376,321	376,321	430,901	54,580
Interest	5,000	5,000	81,681	76,681
Other	386,000	820,095	821,446	1,351
<i>Total Revenues</i>	<u>15,543,179</u>	<u>16,460,953</u>	<u>17,972,621</u>	<u>1,511,668</u>
Expenditures				
Current:				
General Government	6,996,797	7,390,840	6,413,245	977,595
Security of Persons and Property	6,941,826	7,159,332	6,811,203	348,129
Leisure Time Activities	602,684	733,779	651,761	82,018
Community Development	1,519,955	1,974,308	1,458,564	515,744
Basic Utility Services	925,722	945,917	859,427	86,490
<i>Total Expenditures</i>	<u>16,986,984</u>	<u>18,204,176</u>	<u>16,194,200</u>	<u>2,009,976</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,443,805)</u>	<u>(1,743,223)</u>	<u>1,778,421</u>	<u>3,521,644</u>
Other Financing Sources (Uses)				
Advances In	-	60,000	60,000	-
Advances Out	-	(60,000)	(60,000)	-
Transfers In	20,000	20,000	20,000	-
Transfers Out	(70,000)	(620,080)	(620,080)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(50,000)</u>	<u>(600,080)</u>	<u>(600,080)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(1,493,805)	(2,343,303)	1,178,341	3,521,644
<i>Fund Balance Beginning of Year</i>	9,481,871	9,481,871	9,481,871	-
Prior Year Encumbrances Appropriated	1,117,287	1,117,287	1,117,287	-
<i>Fund Balance End of Year</i>	<u>\$ 9,105,353</u>	<u>\$ 8,255,855</u>	<u>\$ 11,777,499</u>	<u>\$ 3,521,644</u>

See accompanying notes to the basic financial statements

City of Streetsboro
Portage County, Ohio
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
Local Fiscal Recovery Fund Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 863,044	\$ 866,490	\$ 869,935	\$ 3,445
<i>Total Revenues</i>	<u>863,044</u>	<u>866,490</u>	<u>869,935</u>	<u>3,445</u>
<i>Net Change in Fund Balance</i>	863,044	866,490	869,935	3,445
<i>Fund Balance Beginning of Year</i>	<u>863,044</u>	<u>863,044</u>	<u>863,044</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 1,726,088</u>	<u>\$ 1,729,534</u>	<u>\$ 1,732,979</u>	<u>\$ 3,445</u>

See accompanying notes to the basic financial statements

City of Streetsboro
Portage County, Ohio
Statement of Fund Net Position
Proprietary Fund
December 31, 2022

	Enterprise
	Water
Assets	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$ 5,612,935
Accounts Receivable	889,835
Special Assessments Receivable	955,693
Prepaid Items	216
Materials and Supplies Inventory	359
<i>Total Current Assets</i>	7,459,038
<i>Non-Current Assets:</i>	
Settlement Receivable	100,000
Net OPEB Asset	115,201
Non-Depreciable Capital Assets	1,438,594
Depreciable Capital Assets, Net	8,080,151
<i>Total Non-Current Assets</i>	9,733,946
<i>Total Assets</i>	17,192,984
Deferred Outflows of Resources	
Deferred Charges on Refunding	141,268
Pension	149,406
OPEB	6,850
<i>Total Deferred Outflows of Resources</i>	297,524
Liabilities	
<i>Current Liabilities:</i>	
Accounts Payable	46,895
Accrued Wages and Benefits	14,819
Contracts Payable	151,869
Intergovernmental Payable	286,396
Accrued Vacation Leave Payable	41,527
Compensated Absences Payable	7,414
OWDA Loans Payable	159,874
General Obligation Bonds Payable	180,000
<i>Total Current Liabilities</i>	888,794
<i>Long-Term Liabilities:</i>	
Compensated Absences Payable - Net of Current Portion	33,621
OWDA Loans Payable - Net of Current Portion	778,630
General Obligation Bonds Payable - Net of Current Portion	2,123,574
Net Pension Liability	309,926
<i>Total Long-Term Liabilities</i>	3,245,751
<i>Total Liabilities</i>	4,134,545
Deferred Inflows of Resources	
Pension	375,443
OPEB	119,025
<i>Total Deferred Inflows of Resources</i>	494,468
Net Position	
Net Investment in Capital Assets	6,886,937
Unrestricted	5,974,558
Total Net Position	\$ 12,861,495

See accompanying notes to the basic financial statements

City of Streetsboro
Portage County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2022

	Enterprise
	Water
Operating Revenues	
Charges for Services	\$ 3,743,442
Special Assessments	376
Other	6,042
	6,042
<i>Total Operating Revenues</i>	<i>3,749,860</i>
Operating Expenses	
Personal Services	866,711
Contractual Services	1,819,950
Materials and Supplies	123,465
Depreciation	534,049
Other	6,882
	6,882
<i>Total Operating Expenses</i>	<i>3,351,057</i>
<i>Operating Income (Loss)</i>	<i>398,803</i>
Non-Operating Revenues (Expenses)	
Interest	31,333
Interest and Fiscal Charges	(79,224)
	(79,224)
<i>Total Non-Operating Revenues (Expenses)</i>	<i>(47,891)</i>
<i>Income (Loss) Before Transfers</i>	<i>350,912</i>
Transfers In	32,187
	32,187
<i>Change in Net Position</i>	<i>383,099</i>
<i>Net Position Beginning of Year</i>	<i>12,478,396</i>
<i>Net Position End of Year</i>	<i>\$ 12,861,495</i>

City of Streetsboro
Portage County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2022

	Enterprise
	Water
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 3,765,251
Special Assessments	81,170
Cash Received from Other Operating Receipts	206,042
Cash Payments to Suppliers for Goods and Services	(1,723,942)
Cash Payments to Employees for Services and Benefits	(1,063,628)
Other Cash Payments	(6,882)
<i>Net Cash Provided by (Used for) Operating Activities</i>	1,258,011
Cash Flows from Noncapital Financing Activities	
OWDA Loans Issued	251,425
Principal Payments on OWDA Loans	(79,141)
<i>Net Cash Provided by (Used for)</i> <i>Noncapital Financing Activities</i>	172,284
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	(1,050,764)
Principal Payments on Debt	(180,000)
Interest Payments on Debt	(76,014)
<i>Net Cash Provided by (Used for) Capital and</i> <i>Related Financing Activities</i>	(1,306,778)
Cash Flows from Investing Activities	
Interest	31,333
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	154,850
<i>Cash and Cash Equivalents Beginning of Year</i>	5,458,085
<i>Cash and Cash Equivalents End of Year</i>	\$ 5,612,935

(continued)

City of Streetsboro
Portage County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2022

		Enterprise
		Water
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Operating Income (Loss)	\$	398,803
Adjustments:		
Depreciation		534,049
(Increase) Decrease in Assets and Deferred Outflows:		
Accounts Receivable		21,809
Special Assessment Receivable		80,794
Settlement Receivable		200,000
Prepaid Items		20,032
Materials and Supplies Inventory		(23)
Net Pension/OPEB Asset		(44,323)
Deferred Outflows - Pension/OPEB		(12,233)
Increase (Decrease) in Liabilities and Deferred Inflows:		
Accounts Payable		38,918
Accrued Wages		1,965
Intergovernmental Payable		180,609
Vacation Benefits Payable		(12,196)
Compensated Absences Payable		1,882
Deferred Inflows - Pension/OPEB		61,929
Net Pension Liability		(214,004)
<i>Net Cash Provided by (Used For) Operating Activities</i>	\$	1,258,011

Noncash Capital Financing Activities:

At December 31, 2021 and 2022, the City had contracts payable of \$74,817 and \$151,869 related to the acquisition of capital assets, respectively.

During 2022, the special assessment bond retirement fund paid \$18,912 in principal and \$13,275 in interest on an Ohio Water Development loan for the water enterprise fund.

City of Streetsboro
Portage County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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

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

Jointly Governed Organization

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

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 as follows.

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.

City of Streetsboro
Portage County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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

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

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. The City uses two categories of funds: governmental and proprietary.

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

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

Local Fiscal Recovery Fund – The local fiscal recovery fund accounts for and reports restricted American Rescue Plan Act grant monies that were provided to support the City's response to and recovery from the COVID-19 public health emergency.

General Capital Improvements Fund – The capital improvement fund accounts for and reports grants that are restricted for capital improvements and a portion of the City's income tax receipts and transfers committed for the acquisition, construction or improvement of capital assets.

City of Streetsboro
Portage County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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 only major enterprise fund:

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

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.

For the proprietary funds, 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 statements presented for proprietary 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
Portage County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest, leases, 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 assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported in the government-wide statement of net position for deferred charges on refunding, pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 15 and 16.

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 assets that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include payments in lieu of taxes, property taxes, pension, OPEB, leases, 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, 2022, but which were levied to finance 2023 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, special assessments, intergovernmental, charges for services, and other revenue. These amounts are deferred and recognized as revenue in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government – wide statement of net position (See Notes 15 and 16).

City of Streetsboro
Portage County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Pensions/Other Postemployment Benefits (OPEB)

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

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

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

Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

During 2022, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2022 amounted to \$81,681 of which \$39,238 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, 2022, 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.

City of Streetsboro
Portage County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Inventory

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

Restricted Assets

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

Capital Assets

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

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

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

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

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

City of Streetsboro
Portage County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

The City is reporting an intangible right to use asset related to a leased building. This leased asset was initially measured at the initial amount of lease liability, adjusted for payments made at or before the lease commencement date plus certain initial direct costs. This lease was then amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

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

City of Streetsboro
Portage County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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 formal action (ordinance or resolution, as both are equally binding) of City Council. Those committed amounts cannot be used for any other purpose unless 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, the 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 City Council or a City official delegated by that authority by resolution 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 resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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
Portage County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Net Position

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

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 that do not meet these definitions are reported as non-operating.

Internal Activity

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

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

Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. For reporting purposes, the City's custodial fund, utilized for internal control purposes, has been combined with the general fund and the recreation special revenue fund. These custodial funds are not required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriation resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the object level for all funds. Budgetary modification may only be made by resolution of the City Council at the legal level of control.

City of Streetsboro
Portage County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original and final budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original and final appropriations were enacted by Council.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

Deferred Charge on Refunding

The difference between the reacquisition price (funds required to refund the old debt) of various refunding bonds and the net carrying amount of the old debt, the deferred amount (loss) on refunding, is being amortized as a component of interest expense. This accounting loss is amortized over the remaining life of the old debt or the life of the new debt whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

Bond Premium

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

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. The City recognizes unearned revenue for intergovernmental revenue from grants received before the eligibility requirements are met.

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.

Implementation of New Accounting Principles

For the year ended December 31, 2022, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 92, *Omnibus 2020*, a certain provision of GASB Statement No. 93, *Replacement of Interbank Offered Rates*, certain provisions of GASB Statement No. 97, *Component Unit Criteria and Deferred Compensation Plans*, and certain provisions of GASB Statement No. 99, *Omnibus 2022*.

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GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. These changes were incorporated in the City's 2022 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the City.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the City.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of paragraph 11b of GASB Statement No. 93 did not have an effect on the financial statements of the City.

GASB Statement No. 97 results in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The implementation of certain provisions of GASB Statement No. 97 (all except paragraphs 4 and 5) did not have an effect on the financial statements of the City.

GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of certain provisions of GASB Statement No. 99 that relate to extension of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, and pledges of future revenues by pledging governments, did not have an effect on the financial statements of the City.

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 3 – Fund Balance

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 governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	General	Local Fiscal Recovery	General Capital Improvements	Other Governmental Funds	Total
Nonspendable for:					
Inventories	\$ 57,193	\$ -	\$ -	\$ 114,195	\$ 171,388
Prepays	95,771	-	-	728	96,499
Unclaimed Monies	142	-	-	-	142
Total Nonspendable	153,106	-	-	114,923	268,029
Restricted for:					
General Government	-	-	-	95,841	95,841
Public Safety	-	-	-	188,854	188,854
Street Maintenance	-	-	-	2,288,389	2,288,389
Community Development	-	-	-	558,444	558,444
Public Health and Welfare	-	-	-	91,028	91,028
Debt Service Payments	-	-	-	1,297,340	1,297,340
Capital Improvements	-	-	-	1,113	1,113
Total Restricted	-	-	-	4,521,009	4,521,009
Committed for:					
Capital Improvements	-	-	4,177,703	389,113	4,566,816
Recreation	-	-	-	108,601	108,601
Personal Services	305,490	-	-	-	305,490
Contractual Services	158,436	-	-	-	158,436
Materials and Supplies	99,085	-	-	-	99,085
Litter Program	-	-	-	329	329
Senior Services	-	-	-	14,557	14,557
City Beautification Program	-	-	-	1,186	1,186
Total Committed	563,011	-	4,177,703	513,786	5,254,500
Assigned for:					
Purchases on Order:					
Personal Services	39,555	-	-	-	39,555
Contractual Services	149,076	-	-	-	149,076
Materials and Supplies	61,905	-	-	-	61,905
2023 Operations	749,537	-	-	-	749,537
Total Assigned	1,000,073	-	-	-	1,000,073
Unassigned	12,098,254	-	-	-	12,098,254
Total Fund Balance	\$ 13,814,444	\$ -	\$ 4,177,703	\$ 5,149,718	\$ 23,141,865

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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 and the major special revenue fund are 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:

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

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the general fund and the major special revenue fund are as follows:

	General Fund	Local Fiscal Recovery Fund
GAAP Basis	\$ 1,922,257	\$ -
Net Adjustment for Revenue Accruals	27,041	869,935
Net Adjustment for Expenditure Accruals	333,179	-
Adjustment for Encumbrances	(1,104,136)	-
Budget Basis	\$ 1,178,341	\$ 869,935

Note 5 – Deposits and Investments

State statutes classify monies held by the City into three categories.

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

Inactive deposits are public deposits the City has identified as not required for use within the current two-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 may be deposited or invested in the following securities:

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investment to the Treasurer, or qualified trustee, unless the securities are not represented by a certificate, in which payment may be made upon receipt of confirmation of transfer from the custodian.

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

Deposits with Financial Institutions - At year-end, \$13,471,617 of the City's bank balance was not covered by federal depository insurance, but was collateralized.

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Custodial Credit Risk - Custodial credit risk is the risk that, in the event of bank failure, the City's deposits may not be returned. Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in addition to amounts insured by the FDIC or may pledge a single pool of collateral for the benefit of every depositor via the Ohio Pooled Collateral System administered by the Treasurer of State. Specific collateral must equal or exceed 105% of the carrying value of assets, whereas pooled collateral must equal or exceed 102% or lesser amount as determined by the Treasurer of State. The City has no deposit policy for custodial credit risk beyond the requirements of State statute.

Although the securities were held by the pledging 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 does not have a policy for custodial credit risk. One of the City's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 60 percent resulting in the uninsured and uncollateralized balance.

Investments

As of December 31, 2022, the City had STAR Ohio as an investment. STAR Ohio is being held with an amount of \$7,092,709 which is measured at net asset value per share. The weighted average of maturity of the portfolio held by STAR Ohio as of December 31, 2022 is 32 days and carries a rating of AAAM by S&P Global Ratings.

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

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

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

Note 6 – Receivables

Receivables at December 31, 2022, consisted of municipal income taxes, property and other taxes, payments in lieu of taxes, loans, intergovernmental receivables arising from entitlements and shared revenues, special assessments, leases, settlements, and accounts (billings for utility service). Except for mortgages collected and distributed through the revolving loan special revenue fund, receivables are considered collectible in full.

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

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

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

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

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

	Loans Receivable	Allowance for Uncollectibles	Net Loans Receivable
Revolving Loans	\$ 663,099	\$ 309,170	\$ 353,929

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2022 for real and public utility property taxes represents collections of the 2021 taxes.

2022 real property taxes were levied after October 1, 2022 on the assessed value as of January 1, 2022, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2022 real property taxes are collected in and intended to finance 2023.

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. 2022 public utility property taxes which became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2022, was \$3.70 per \$1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2022 property tax receipts were based are as follows:

Category	Assessed Value of Real Estate
Residential/Agricultural	\$ 362,004,730
Other Real Estate	199,483,380
Tangible Personal Property	12,276,100
Total Assessed Values	\$ 573,764,210

The County Treasurer collects property taxes on behalf of all taxing districts within 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, 2022, and for which there was an enforceable legal claim.

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In governmental funds, the portion of the receivable not levied to finance 2022 operations is offset to deferred inflows of resources – property taxes levied for the next year. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

Income Taxes

The City levies a 2.0 percent income tax on substantially all income earned within the City. In addition, City residents are required to pay tax on income earned outside of the City. The City allows a credit of one hundred percent for income tax paid to another municipality, not to exceed two percent of taxable income. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the Regional Income Tax Agency (RITA) either monthly or quarterly. Companies also have the option of filing net profit tax returns directly with the State of Ohio, Department of Taxation. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. By City Ordinance, effective January 1, 2021, eighty-two percent of income tax proceeds were credited to the general fund, and eighteen percent of income tax proceeds were credited to the general capital improvements capital projects fund.

The Regional Income Tax Agency administers and collects income taxes for the City. Payments are remitted monthly net of collection fees of approximately 1.23 percent.

Payments in Lieu of Taxes

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

Note 7 – Tax Abatement Disclosures

As of December 31, 2022, the City of Streetsboro provides tax incentives under four programs, the Enterprise Zone Area (EZA), the Community Reinvestment Area (CRA), Tax Increment Financing (TIF), and the Economic Incentive Agreement (EIA).

Real Property Tax Abatements

Pursuant to Ohio Revised Code Chapter 5709, the City established an Enterprise Zone Area (EZA) in 1989 and amended the map in 1996. In 2016, the City created a Community Reinvestment Area (CRA) for encouraging redevelopment of residential and target retail areas. The CRA program was amended in 2021. Both programs include all industrial zoned property in the City and the CRA program also includes a majority of the densely developed housing stock as well as the majority of the commercial/retail/office area.

Residential projects meeting expenditure thresholds within the CRA qualify for a 100 percent real property tax abatement on the additional value of the property after an improvement project or new construction.

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Commercial projects within the CRA may qualify for up to a 100 percent abatement on the new value and industrial project may qualify for up to 100 percent abatement for a maximum of 15 years, subject to negotiation. Industrial projects applying for a CRA or EZA incentive are rated on capital investment and job creation to determine the term and percentage of the abatement. Currently, only one project, a new 434,000 SF industrial facility, qualified for a 100 percent exemption, but the term offered was only 10, not 15 years.

Refundable Job Creation Tax Credit

The City of Streetsboro has an Economic Incentive Agreement (EIA) program attached to income tax for companies relocating within the City. This program is in compliance with Section 718.15 of the Ohio Revised Code and each agreement is reviewed by City Council and requires an ordinance to activate the agreement. The approved percentage of the income tax collected from the company’s employees is returned back to the company from non-tax revenues. Agreements have typically been for less than 38 percent per year for a term of 5 years. One agreement was made for a term of 8 years due to an estimated growth in payroll of over 150 percent. This incentive could be offered to a company receiving an EZA or CRA agreement but has not been combined with either of these programs to date.

The total amount of taxes abated (incentives abated) for the fiscal year 2022 was trivial.

Note 8 – Lease Agreement

On June 27, 2014, the City entered into a ground lease agreement with Towerco 2013 LLC, for the use of a tower for transmission and receipt of wireless communication signals. The term of the lease is for a period of 5 years. The Agreement has the option to be extended for six additional five year terms. The annual rent payable under the lease, per annum, for the first year is \$1,250 and shall increase 12.5 percent, effective on each renewal term. The City is reporting leases receivable of \$370,267 in the governmental-type funds. This amount represents the discounted future lease payments. This discount is being amortized using the interest method. Payments are made annually. Principal and interest revenue for the lease during the fiscal year were \$3,261 and \$13,614, respectively.

A summary of future payments to be received is as follows:

Year	Principal	Interest	Total
2023	\$ 2,103	\$ 14,772	\$ 16,875
2024	3,252	14,678	17,930
2025	4,469	14,515	18,984
2026	4,651	14,333	18,984
2027	4,841	14,144	18,985
2028-2032	36,228	67,000	103,228
2033-2037	58,457	57,674	116,131
2038-2042	87,377	43,271	130,648
2043-2047	124,688	22,290	146,978
2048-2049	44,201	1,413	45,614
	\$ 370,267	\$ 264,090	\$ 634,357

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Note 9 – Capital Assets

Governmental capital asset activity for the year ended December 31, 2022, was as follows. The prior year governmental balance was restated for the implementation of GASB Statement No. 87, *Leases*.

	Restated Balance 12/31/2021	Additions	Reductions	Balance 12/31/2022
Governmental Activities				
<i>Capital Assets, not being depreciated/amortized:</i>				
Land	\$ 2,272,440	\$ -	\$ -	\$ 2,272,440
Construction in Progress	4,421,137	4,044,988	(640,953)	7,825,172
Total Capital Assets, not being depreciated/amortized	<u>6,693,577</u>	<u>4,044,988</u>	<u>(640,953)</u>	<u>10,097,612</u>
<i>Capital Assets, being depreciated/amortized:</i>				
Land Improvements	1,222,696	837,678	(224,774)	1,835,600
Buildings and Improvements	13,045,673	120,938	-	13,166,611
Leased Asset, Buildings and Improvements	573,401	-	-	573,401
Furniture and Equipment	4,928,562	144,128	(50,272)	5,022,418
Vehicles	6,299,809	1,086,749	-	7,386,558
Infrastructure	21,252,274	-	-	21,252,274
Total Capital Assets, being depreciated/amortized	<u>47,322,415</u>	<u>2,189,493</u>	<u>(275,046)</u>	<u>49,236,862</u>
Less Accumulated Depreciation/Amortization:				
Land Improvements	(1,066,732)	(56,935)	224,774	(898,893)
Buildings and Improvements	(3,051,992)	(383,662)	-	(3,435,654)
Leased Asset, Buildings and Improvements	-	(107,513)	-	(107,513)
Furniture and Equipment	(3,565,171)	(263,817)	34,465	(3,794,523)
Vehicles	(4,461,566)	(492,997)	-	(4,954,563)
Infrastructure	(8,825,618)	(944,110)	-	(9,769,728)
Total Accumulated Depreciation/Amortization	<u>(20,971,079)</u>	<u>(2,249,034)</u>	<u>259,239</u>	<u>(22,960,874)</u>
Total Capital Assets being depreciated/amortized, net	<u>26,351,336</u>	<u>(59,541)</u>	<u>(15,807)</u>	<u>26,275,988</u>
Governmental Activities Capital Assets, Net	<u>\$ 33,044,913</u>	<u>\$ 3,985,447</u>	<u>\$ (656,760)</u>	<u>\$ 36,373,600</u>

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*Depreciation/amortization expense was charged to governmental activities as follows:

	Depreciation/ Amortization
<i>Governmental Activities:</i>	
General Government	\$ 302,129
Basic Utility Service	239,924
Community Development	10,375
Leisure Time Activities	77,218
Public Health and Welfare	5,391
Transportation	779,671
Security of Persons and Property	834,326
Total	\$ 2,249,034

Business type capital asset activity for the year ended December 31, 2022, was as follows:

	Balance 12/31/2021	Additions	Reductions	Balance 12/31/2022
Business-Type Activities				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$ 547,386	\$ -	\$ -	\$ 547,386
Construction in Progress	161,267	729,941	-	891,208
Total Capital Assets, Not Being Depreciated	708,653	729,941	-	1,438,594
<i>Capital Assets, Being Depreciated:</i>				
Furniture and Equipment	977,257	73,918	(16,550)	1,034,625
Vehicles	598,031	-	-	598,031
Infrastructure	16,799,576	323,957	-	17,123,533
Total Capital Assets, Being Depreciated	18,374,864	397,875	(16,550)	18,756,189
Less Accumulated Depreciation:				
Furniture and Equipment	(796,985)	(45,505)	16,550	(825,940)
Vehicles	(392,972)	(43,783)	-	(436,755)
Infrastructure	(8,968,582)	(444,761)	-	(9,413,343)
Total Accumulated Depreciation	(10,158,539)	(534,049)	16,550	(10,676,038)
Total Capital Assets Being Depreciated, Net	8,216,325	(136,174)	-	8,080,151
Business-Type Activities Capital Assets, Net	\$ 8,924,978	\$ 593,767	\$ -	\$ 9,518,745

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Note 10 – Interfund Transfers

Interfund transfers for the year ended December 31, 2022, consisted of the following:

Fund	Transfer Out	Transfer In
General Fund	\$ 600,080	\$ -
General Capital Improvements Fund	-	350,080
Nonmajor Governmental Funds	32,187	250,000
Water Fund	-	32,187
 Total	 \$ 632,267	 \$ 632,267

The general fund transferred \$50,000 to the bicentennial fund to provide for the City’s bicentennial, \$350,080 to the general capital improvement fund to provide for ongoing capital projects, and \$200,000 to the civic center development fund to provide for the ongoing capital project. A transfer of \$32,187 was made from the special assessment bond retirement debt service fund to the water enterprise fund to pay for the water fund’s portion of the OWDA loan.

Note 11 – Compensated Absences

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

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City of Streetsboro
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Notes to the Basic Financial Statements
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Note 12 – Long-Term Obligations

A schedule of changes in bonds and other long-term obligations of the City during 2022 follows. The prior year governmental balance was restated for the implementation of GASB Statement No. 87, *Leases*.

	Original Issue Amount	Restated Balance 12/31/2021	Additions	Reductions	Balance 12/31/22	Due Within One Year
Governmental Activities						
<i>General Obligation Bonds:</i>						
2016 Various Purpose General Obligation						
Refunding Bonds, 2.0%-4.0%	\$ 2,615,000					
Serial		\$ 2,200,000	\$ -	\$ (215,000)	\$ 1,985,000	\$ 220,000
Premium		200,747	-	(18,250)	182,497	-
2021 General Obligation (Limited Tax)						
Various Purpose Improvement Bonds, 3.0%-4.0%						
Serial	\$ 5,400,000	2,135,000	-	(200,000)	1,935,000	210,000
Term		3,265,000	-	-	3,265,000	-
Premium		780,452	-	(41,257)	739,195	-
<i>Total General Obligation Bonds</i>		<u>8,581,199</u>	<u>-</u>	<u>(474,507)</u>	<u>8,106,692</u>	<u>430,000</u>
<i>OPWC Loans from Direct Borrowings:</i>						
Seasons Road, 0%	\$ 179,309	95,632	-	(5,977)	89,655	11,954
<i>Other Long Term Obligations:</i>						
Net Pension Liability		13,282,521	-	(2,018,718)	11,263,803	-
Net OPEB Liability		1,602,943	65,121	-	1,668,064	-
Tax Incremental Financing Agreement, 0%	\$ 2,204,109	586,069	-	(107,011)	479,058	95,000
Compensated Absences		737,949	395,285	(214,471)	918,763	206,023
Lease		573,401	-	(53,847)	519,554	100,964
<i>Total Other Long Term Obligations</i>		<u>16,782,883</u>	<u>460,406</u>	<u>(2,394,047)</u>	<u>14,849,242</u>	<u>401,987</u>
<i>Total Governmental Activities Obligations</i>		<u>\$25,459,714</u>	<u>\$ 460,406</u>	<u>\$ (2,874,531)</u>	<u>\$23,045,589</u>	<u>\$ 843,941</u>
Business-Type Activities						
<i>General Obligation Bonds:</i>						
2016 Various Purpose General Obligation						
Refunding Bonds	\$ 2,650,000					
Serial		\$ 2,305,000	\$ -	\$ (180,000)	\$ 2,125,000	\$ 180,000
Premium		196,432	-	(17,858)	178,574	-
<i>Total General Obligation Bonds</i>		<u>2,501,432</u>	<u>-</u>	<u>(197,858)</u>	<u>2,303,574</u>	<u>180,000</u>
<i>OWDA Loans from Direct Borrowings:</i>						
Briar Root Manor Waterline	\$ 482,065	336,545	-	(18,912)	317,633	19,872
Streetsboro Priority Watermain Replacement	\$ 700,012	448,587	251,425	(79,141)	620,871	140,002
<i>Total OWDA Loans from Direct Borrowing</i>		<u>785,132</u>	<u>251,425</u>	<u>(98,053)</u>	<u>938,504</u>	<u>159,874</u>
<i>Other Long Term Obligations:</i>						
Net Pension Liability		523,930	-	(214,004)	309,926	-
Compensated Absences		39,153	9,757	(7,875)	41,035	7,414
<i>Total Other Long Term Obligations</i>		<u>563,083</u>	<u>9,757</u>	<u>(221,879)</u>	<u>350,961</u>	<u>7,414</u>
<i>Total Business-Type Activities Obligations</i>		<u>\$ 3,849,647</u>	<u>\$ 261,182</u>	<u>\$ (517,790)</u>	<u>\$ 3,593,039</u>	<u>\$ 347,288</u>

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During 2016, the City issued \$2,615,000 in governmental General Obligation Various Purpose Refunding Bonds to refund a portion of 2013 general obligation various purpose bonds, which had been issued to pay off 2011 bond anticipation notes used to finance a legal judgment. The 2016 bonds were issued with interest rates varying from 2 percent to 4 percent. The bonds were issued for a fifteen-year period with a final maturity at December 1, 2030. The bonds will be retired through the bond retirement fund.

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

During 2021, the City issued \$5,400,000 in governmental General Obligation (Limited Tax) Various Purpose Improvement Bonds to pay costs of retiring the bond anticipation notes previously issued to finance certain permanent improvements, including the fire station and service garage projects. The bonds included \$2,135,000 in serial bonds and \$3,265,000 in term bonds and were sold at a premium of \$811,395. The bonds were issued with interest rates varying from 3 percent to 4 percent. The bonds were issued for a twenty-year period with a final maturity at December 1, 2040. The bonds will be retired through the fire station and service garage levy debt service fund.

Optional Redemption The bonds maturing on or after December 1, 2032, are subject to prior redemption, by and at the sole option of the City, in whole or in part as selected by the City (in whole multiples of \$5,000), on any date on or after December 1, 2031, at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption The term bonds maturing on December 1, 2032, 2035 and 2040, are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the authorizing legislation, at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to the redemption date, on December 1 in each of the years and in the principal amounts set forth as follows:

Year	Issue		
	\$ 580,000	\$ 930,000	\$ 1,755,000
2031	\$ 285,000	\$ -	\$ -
2033	-	300,000	-
2034	-	310,000	-
2036	-	-	330,000
2037	-	-	340,000
2038	-	-	350,000
2039	-	-	360,000
Total Mandatory Sinking Fund Payment	285,000	610,000	1,380,000
Amount Due at Stated Maturity	295,000	320,000	375,000
Total Mandatory Sinking Fund Payment	<u>\$ 580,000</u>	<u>\$ 930,000</u>	<u>\$ 1,755,000</u>
<i>Stated Maturity</i>	<i>12/1/2032</i>	<i>12/1/2035</i>	<i>12/1/2040</i>

The City's outstanding OPWC loan from direct borrowings related to governmental activities contains provisions that in the event of default (1) OPWC may apply late fees of 8 percent per year, (2) loans more than 60 days late will be turned over to the Attorney General's office for collection, and as provided by law, OPWC may require that such payment be taken from the City's share of the county undivided local government fund, and (3) the outstanding amounts shall, at OPWC's option, become immediately due and payable. The loan matures in July 2030.

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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. Since future income cannot be determined, a repayment schedule is not included in the schedule of debt service requirements.

The City has an outstanding agreement to lease office space in a building. Due to the implementation of GASB 87, this lease has met the criteria of a lease, requiring it to be recorded by the City. The future lease payments were discounted based on the interest rate implicit in the lease or using the County's incremental borrowing rate. This discount is being amortized using the straight-line method over the life of the lease.

In 2016, the City issued \$2,650,000 in business General Obligation Various Purpose Refunding Bonds to refund a portion of 2013 general obligation various purpose bonds. The bonds were issued with interest rates varying from 2 percent to 4 percent. The bonds were issued for a seventeen year period with a final maturity at December 1, 2032. The bonds will be retired through the water enterprise fund.

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

The water fund's Streetsboro Priority Watermain Replacement OWDA loan was issued for the purpose of routine maintenance and repairs and is not related to a capital asset.

OWDA loans will be paid from water enterprise fund user service charges. The OPWC loan will be paid with monies from the general capital improvements capital projects fund. Compensated absences will be paid from the following funds: the general fund, the street maintenance and repair special revenue fund and the water enterprise fund. There are no repayment schedules for the net pension/OPEB liabilities. However, employer pension/OPEB contributions are made from the following funds: the general fund, the street maintenance and repair, cemetery, and recreation special revenue funds, and the water enterprise fund. See Notes 15 and 16 for additional information related to the net pension/OPEB liabilities.

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

A line of credit was established with the Ohio Water Development Authority, and was finalized in 2022 in the amount of \$700,012 for a water project. The loan matures in 2027 and has an interest rate of zero percent.

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Principal and interest requirements to retire long-term obligations outstanding at December 31, 2022, are as follows:

Year	Governmental Activities				OPWC Loans Principal
	General Obligation Bonds				
	Serial Bonds		Term Bonds		
	Principal	Interest	Principal	Interest	
2023	\$ 430,000	\$ 239,850	\$ -	\$ 441,954	\$ 11,954
2024	445,000	224,850	-	456,954	11,954
2025	460,000	209,300	-	471,954	11,954
2026	480,000	190,900	-	491,954	11,954
2027	505,000	171,700	-	516,954	11,954
2028-2032	1,600,000	411,062	580,000	187,350	29,885
2033-2037	-	-	1,600,000	309,750	-
2038-2040	-	-	1,085,000	65,850	-
	<u>\$ 3,920,000</u>	<u>\$ 1,447,662</u>	<u>\$ 3,265,000</u>	<u>\$ 2,942,720</u>	<u>\$ 89,655</u>

Year	Lease Obligation	
	Principal	Interest
2023	\$ 100,964	\$ 17,380
2024	113,498	14,687
2025	120,513	10,022
2026	136,265	4,969
2027	48,314	403
	<u>\$ 519,554</u>	<u>\$ 47,461</u>

Year	Business-Type Activities			
	General Obligation Bonds		OWDA Loans	
	Principal	Interest	Principal	Interest
2023	\$ 180,000	\$ 70,613	\$ 159,874	\$ 12,509
2024	190,000	65,212	160,882	11,704
2025	195,000	59,513	161,941	10,859
2026	205,000	51,712	163,054	9,970
2027	210,000	43,512	85,082	9,036
2028-2032	1,145,000	114,075	140,830	29,434
2033-2037	-	-	66,841	3,383
	<u>\$ 2,125,000</u>	<u>\$ 404,637</u>	<u>\$ 938,504</u>	<u>\$ 86,895</u>

Note 13 – Contingencies

Litigation

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

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 as of year-end.

Note 14 – 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. The City has contracted for insurance policies for general, employer's, employee benefits, law enforcement, and public officials liability, as well as for property, boiler and machinery, special property, electronic equipment, media and data, extra expense and automobile liability.

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

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 15 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions – between an employer and its employees — of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable.

The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability and net OPEB liability (asset) on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contributions outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the pension disclosures. See Note 16 for the OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, the Combined Plan is no longer available for member selection. Substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

When a benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2022 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2022 Actual Contribution Rates			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$565,139 for 2022. Of this amount, \$61,729 is reported as an intergovernmental payable.

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

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

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

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

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The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years.

The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan (DROP) provisions and reduced and unreduced benefits).

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

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.0 percent of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.0 percent or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

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

	Police	Firefighters
2022 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2022 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$858,811 for 2022. Of this amount, \$90,505 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2021, and was determined by rolling forward the total pension liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Period	0.023748%	0.152184%	
Prior Measurement Period	<u>0.023588%</u>	<u>0.151290%</u>	
Change in Proportion	<u>0.000160%</u>	<u>0.000894%</u>	
Proportionate Share of the Net Pension Liability	\$ 2,066,172	\$ 9,507,557	\$ 11,573,729
Pension Expense	\$ (271,400)	\$ 577,039	\$ 305,639

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 105,330	\$ 274,141	\$ 379,471
Changes of Assumptions	258,373	1,737,578	1,995,951
Changes in Proportionate Share and Differences in Contributions	67,366	111,035	178,401
City Contributions Subsequent to the Measurement Date	<u>565,139</u>	<u>858,811</u>	<u>1,423,950</u>
Total Deferred Outflows of Resources	<u>\$ 996,208</u>	<u>\$ 2,981,565</u>	<u>\$ 3,977,773</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 45,317	\$ 494,264	\$ 539,581
Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,457,634	2,492,737	4,950,371
Changes in Proportionate Share and Differences in Contributions	<u>-</u>	<u>551,645</u>	<u>551,645</u>
Total Deferred Inflows of Resources	<u>\$ 2,502,951</u>	<u>\$ 3,538,646</u>	<u>\$ 6,041,597</u>

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\$1,423,950 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2023	\$ (263,365)	\$ (185,752)	\$ (449,117)
2024	(839,675)	(837,399)	(1,677,074)
2025	(577,889)	(363,486)	(941,375)
2026	(390,953)	(225,412)	(616,365)
2027	-	196,157	196,157
Total	<u>\$ (2,071,882)</u>	<u>\$ (1,415,892)</u>	<u>\$ (3,487,774)</u>

Actuarial Assumptions – OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2 percent down to 6.9 percent, for the defined benefit investments. Key actuarial assumptions and methods used in the latest actuarial valuation, prepared as of December 31, 2021, reflecting experience study results, are presented below:

	<u>OPERS Traditional Plan</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.00 percent, simple
Post-January 7, 2013 Retirees	3.00 percent, simple through 2022, then 2.05 percent, simple
Investment Rate of Return	6.90 percent
Actuarial Cost Method	Individual Entry Age

Key actuarial assumptions and methods used in the prior actuarial valuation, prepared as of December 31, 2020, are presented below:

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	<u>OPERS Traditional Plan</u>
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.00 percent, simple
Post-January 7, 2013 Retirees	0.50 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	7.20 percent
Actuarial Cost Method	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) [for all divisions]. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) [for all divisions]. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

For 2020, pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 15.3 percent for 2021.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class.

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These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board’s investment consultant. For each major class that is included in the Defined Benefit portfolio’s target asset allocation as of December 31, 2021, these best estimates are summarized below:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00%	1.03%
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	<u>100.00%</u>	<u>4.21%</u>

Discount Rate The discount rate used to measure the total pension liability for the current year was 6.9 percent. The discount rate for the prior year was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate The following table presents the City’s proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 6.9 percent, as well as what the City’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 5,447,554	\$ 2,066,172	\$ (747,587)

Actuarial Assumptions – OP&F

OP&F’s total pension liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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Assumptions considered are: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2021, are presented below.

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.50 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.50 percent
Cost of Living Adjustments	2.20 percent simple per year

In February 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for the 2020 measurement period to 7.5 percent for the 2021 measurement period.

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

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2021, are summarized below:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	3.60
Non-US Equity	14.00	4.40
Private Markets	8.00	6.80
Core Fixed Income *	23.00	1.10
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.80
Midstream Energy Infrastructure	5.00	5.00
Real Assets	8.00	5.90
Gold	5.00	2.40
Private Real Estate	12.00	4.80
Total	125.00 %	

Note: Assumptions are geometric.

* levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return of 7.50 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's Proportionate Share of the Net Pension Liability	\$ 14,099,603	\$ 9,507,557	\$ 5,683,552

Note 16 - Defined Benefit OPEB Plans

Net OPEB Liability (Asset)

See Note 15 for a description of the net OPEB liability (asset).

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension must have twenty or more years of qualifying Ohio service credit with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service.

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Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, OPERS did not allocate any employer contribution to health care for members. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City had no contractually required contribution for 2022.

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

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

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

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Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2022, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was \$20,604 for 2022. Of this amount, \$2,167 is reported as an intergovernmental payable.

Net OPEB Liability (Asset), OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2021, and was determined by rolling forward the total OPEB liability as of January 1, 2021, to December 31, 2021.

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The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Period	0.024520%	0.1521837%	
Prior Measurement Period	<u>0.023965%</u>	<u>0.1512901%</u>	
Change in Proportion	<u>0.000555%</u>	<u>0.0008936%</u>	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ (768,004)	\$ 1,668,064	
OPEB Expense	\$ (605,259)	\$ 101,072	\$ (504,187)

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ -	\$ 75,882	\$ 75,882
Changes of Assumptions	-	738,336	738,336
Changes in Proportionate Share and Differences in Contributions	45,672	83,285	128,957
City Contributions Subsequent to the Measurement Date	<u>-</u>	<u>20,604</u>	<u>20,604</u>
Total Deferred Outflows of Resources	<u>\$ 45,672</u>	<u>\$ 918,107</u>	<u>\$ 963,779</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 116,495	\$ 220,458	\$ 336,953
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	366,129	150,680	516,809
Changes of Assumptions	310,879	193,738	504,617
Changes in Proportionate Share and Differences in Contributions	<u>-</u>	<u>194,493</u>	<u>194,493</u>
Total Deferred Inflows of Resources	<u>\$ 793,503</u>	<u>\$ 759,369</u>	<u>\$ 1,552,872</u>

\$20,604 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction/addition of the net OPEB liability (asset) in 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Year Ending December 31:	OPERS	OP&F	Total
2023	\$ (448,279)	\$ 33,063	\$ (415,216)
2024	(166,974)	10,691	(156,283)
2025	(79,996)	26,436	(53,560)
2026	(52,582)	5,816	(46,766)
2027	-	28,684	28,684
Thereafter	-	33,444	33,444
Total	<u>\$ (747,831)</u>	<u>\$ 138,134</u>	<u>\$ (609,697)</u>

Actuarial Assumptions – OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used for 2021 compared to those used for 2020 are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Wage Inflation	2.75 percent	3.25 percent
Projected Salary Increases,	2.75 to 10.75 percent	3.25 to 10.75 percent
	including wage inflation	including wage inflation
Single Discount Rate	6.00 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	1.84 percent	2.00 percent
Health Care Cost Trend Rate	5.50 percent, initial	8.50 percent, initial
	3.50 percent, ultimate in 2034	3.50 percent, ultimate in 2035
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

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For 2020, pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above-described tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 14.3 percent for 2021.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00%	0.91%
Domestic Equities	25.00	3.78
Real Estate Investment Trust	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other investments	7.00	1.93
Total	100.00%	3.45%

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Notes to the Basic Financial Statements
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Discount Rate A single discount rate of 6.0 percent was used to measure the total OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent (Fidelity Index’s “20-Year Municipal GO AA Index”). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the City’s Proportionate Share of the Net OPEB (Asset) to Changes in the Discount Rate The following table presents the City’s proportionate share of the net OPEB (asset) calculated using the single discount rate of 6.00 percent, as well as what the City’s proportionate share of the net OPEB (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB (Asset)	\$ (451,658)	\$ (768,004)	\$ (1,030,576)

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

	1% Decrease	Current Trend Rate	1% Increase
City's Proportionate Share of the Net OPEB (Asset)	\$ (776,303)	\$ (768,004)	\$ (758,158)

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

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Actuarial Assumptions – OP&F

OP&F’s total OPEB liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

Valuation Date	January 1, 2021, with Actuarial Liabilities Rolled Forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.50 Percent
Projected Salary Increases	3.75 Percent to 10.50 Percent
Payroll Growth	3.25 Percent
Blended Discount Rate:	
Current Measurement Date	2.84 Percent
Prior Measurement Date	2.96 Percent
Cost of Living Adjustments	2.20 Percent Simple per Year

In February 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for the 2020 measurement period to 7.5 percent for the 2021 measurement period.

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

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

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

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2021, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	- %	- %
Domestic Equity	21.00	3.60
Non-US Equity	14.00	4.40
Private Markets	8.00	6.80
Core Fixed Income *	23.00	1.10
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.80
Midstream Energy Infrastructure	5.00	5.00
Real Assets	8.00	5.90
Gold	5.00	2.40
Private Real Estate	12.00	4.80
Total	<u>125.00 %</u>	

Note: Assumptions are geometric.

* levered 2x

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

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For the Year Ended December 31, 2022

Discount Rate For 2021, the total OPEB liability was calculated using the discount rate of 2.84 percent. For 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.5 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.05 percent at December 31, 2021, and 2.12 percent at December 31, 2020, was blended with the long-term rate of 7.5 percent for 2021 and 8 percent for 2020, which resulted in a blended discount rate of 2.84 percent for 2021 and 2.96 percent for 2020. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.84 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.84 percent), or one percentage point higher (3.84 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$ 2,096,794	\$ 1,668,064	\$ 1,315,648

Note 17 – Significant Commitments

Contractual Commitments

As of December 31, 2022, the City had the following contract balances for various projects and programs:

	Contract Amount	Amount Paid	Remaining on Contract
Buildings & Improvements	\$ 350,080	\$ 16,756	\$ 333,324
Equipment	158,336	-	158,336
Park Improvements	195,687	27,203	168,484
Personal Services	192,000	78,225	113,775
Roads	1,461,528	850,493	611,035
Safety Forces Equipment	151,949	-	151,949
Waterlines	818,025	517,835	300,190
Totals	\$ 3,327,605	\$ 1,490,512	\$ 1,837,093

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Notes to the Basic Financial Statements
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Encumbrances

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

<u>Governmental Fund</u>	<u>Encumbrances</u>
General	\$ 1,104,136
General Capital Improvements	1,752,888
Other Governmental Funds	<u>457,372</u>
Total	<u>\$ 3,314,396</u>

Required Supplementary Information

City of Streetsboro
Portage County, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Last Nine Years (1)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>				
City's Proportion of the Net Pension Liability	0.023748%	0.023588%	0.022562%	0.023230%
City's Proportionate Share of the Net Pension Liability	\$ 2,066,172	\$ 3,492,869	\$ 4,459,532	\$ 6,370,442
City's Covered Payroll	\$ 3,823,639	\$ 3,321,914	\$ 3,174,450	\$ 3,141,671
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	54.04%	105.15%	140.48%	202.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.62%	86.88%	82.17%	74.70%
<i>Ohio Police and Fire Pension Fund (OPF)</i>				
City's Proportion of the Net Pension Liability	0.152184%	0.151290%	0.156542%	0.164511%
City's Proportionate Share of the Net Pension Liability	\$ 9,507,557	\$ 10,313,582	\$ 10,545,507	\$ 13,428,445
City's Covered Payroll	\$ 3,934,119	\$ 3,505,753	\$ 3,782,755	\$ 3,685,434
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	241.67%	294.19%	278.78%	364.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.03%	70.65%	69.89%	63.07%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

	2018	2017	2016	2015	2014
	0.234320%	0.023745%	0.023159%	0.024011%	0.024011%
\$	3,676,027	\$ 5,392,086	\$ 4,011,431	\$ 2,896,035	\$ 2,830,623
\$	3,096,546	\$ 3,069,975	\$ 2,882,450	\$ 2,943,767	\$ 3,201,645
	118.71%	175.64%	139.17%	98.38%	88.41%
	84.66%	77.25%	81.08%	86.45%	86.36%
	0.161105%	0.168512%	0.153112%	0.157716%	0.157716%
\$	9,887,743	\$ 10,673,380	\$ 9,849,802	\$ 8,170,321	\$ 7,681,240
\$	3,594,684	\$ 3,470,921	\$ 3,180,149	\$ 3,184,013	\$ 3,100,161
	275.07%	307.51%	309.73%	256.60%	247.77%
	70.91%	68.36%	66.77%	71.71%	73.00%

See notes to the required supplementary information

City of Streetsboro
Portage County, Ohio
Required Supplementary Information
Schedule of the City's Contributions - Pension
Last Ten Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>					
Contractually Required Contribution	\$ 565,139	\$ 482,510	\$ 465,068	\$ 444,423	\$ 439,834
Contributions in Relation to the Contractually Required Contribution	<u>(565,139)</u>	<u>(482,510)</u>	<u>(465,068)</u>	<u>(444,423)</u>	<u>(439,834)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 4,036,707	\$ 3,446,500	\$ 3,321,914	\$ 3,174,450	\$ 3,141,671
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%
<i>Ohio Police and Fire Pension Fund (OPF)</i>					
Contractually Required Contribution	\$ 858,811	\$ 821,006	\$ 729,646	\$ 786,144	\$ 764,695
Contributions in Relation to the Contractually Required Contribution	<u>(858,111)</u>	<u>(821,006)</u>	<u>(729,646)</u>	<u>(786,144)</u>	<u>(764,695)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 4,120,880	\$ 3,934,119	\$ 3,505,753	\$ 3,782,755	\$ 3,685,434
Contributions as a Percentage of Covered Payroll	20.84%	20.87%	20.81%	20.78%	20.75%

See notes to the required supplementary information

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 402,551	\$ 368,397	\$ 345,894	\$ 353,252	\$ 416,214
<u>(402,551)</u>	<u>(368,397)</u>	<u>(345,894)</u>	<u>(353,252)</u>	<u>(416,214)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,096,546	\$ 3,069,975	\$ 2,882,450	\$ 2,943,767	\$ 3,201,645
13.00%	12.00%	12.00%	12.00%	13.00%
\$ 743,858	\$ 717,951	\$ 663,390	\$ 660,029	\$ 544,208
<u>(743,858)</u>	<u>(717,951)</u>	<u>(663,390)</u>	<u>(660,029)</u>	<u>(544,208)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,594,684	\$ 3,470,921	\$ 3,180,149	\$ 3,184,013	\$ 3,100,161
20.69%	20.68%	20.86%	20.73%	17.55%

See notes to the required supplementary information

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City of Streetsboro
Portage County, Ohio
Required Supplementary Information
Schedule of the Proportionate Share of the Net OPEB Liability (Asset)
Last Six Years (1)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Ohio Public Employees' Retirement System (OPERS)						
City's Proportion of the Net OPEB Liability (Asset)	0.024520%	0.023965%	0.022855%	0.023513%	0.023750%	0.024160%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ (768,004)	\$ (426,956)	\$ 3,156,869	\$ 3,065,541	\$ 2,579,075	\$ 2,440,242
City's Covered Payroll	\$ 3,823,639	\$ 3,623,628	\$ 3,452,904	\$ 3,410,600	\$ 3,363,667	\$ 3,338,700
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-20.09%	-11.78%	91.43%	89.88%	76.67%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	128.23%	115.57%	47.80%	46.33%	54.14%	54.04%
Ohio Police and Fire Pension Fund (OPF)						
City's Proportion of the Net OPEB Liability (Asset)	0.152184%	0.151290%	0.156542%	0.164511%	0.161105%	0.168512%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ 1,668,064	\$ 1,602,943	\$ 1,546,280	\$ 1,498,125	\$ 9,127,983	\$ 7,998,886
City's Covered Payroll	\$ 3,934,119	\$ 3,505,753	\$ 3,782,755	\$ 3,685,434	\$ 3,594,684	\$ 3,157,273
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	42.40%	45.72%	40.88%	40.65%	253.93%	230.45%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.86%	45.40%	47.08%	46.57%	14.13%	15.96%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

City of Streetsboro
Portage County, Ohio
Required Supplementary Information
Schedule of the Contributions - OPEB
Last Ten Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Ohio Public Employees' Retirement System (OPERS)					
Contractually Required Contribution	\$ -	\$ 9,541	\$ 9,286	\$ 8,647	\$ 8,424
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>(9,541)</u>	<u>(9,286)</u>	<u>(8,647)</u>	<u>(8,424)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (1)	\$ 4,036,707	\$ 3,823,639	\$ 3,623,628	\$ 3,452,904	\$ 3,410,600
Contributions as a Percentage of Covered Payroll	0.00%	0.25%	0.26%	0.25%	0.25%
Ohio Police and Fire Pension Fund (OPF)					
Contractually Required Contribution	\$ 20,604	\$ 19,670	\$ 17,528	\$ 18,914	\$ 18,428
Contributions in Relation to the Contractually Required Contribution	<u>(20,604)</u>	<u>(19,670)</u>	<u>(17,528)</u>	<u>(18,914)</u>	<u>(18,428)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 4,120,880	\$ 3,934,119	\$ 3,505,753	\$ 3,782,755	\$ 3,685,434
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%	0.50%

(n/a) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.

(1) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 39,879	\$ 70,872	n/a	n/a	n/a
<u>(39,879)</u>	<u>(70,872)</u>	n/a	n/a	n/a
<u>\$ -</u>	<u>\$ -</u>	n/a	n/a	n/a
\$ 3,363,667	\$ 3,338,700	n/a	n/a	n/a
1.19%	2.12%	n/a	n/a	n/a
\$ 17,973	\$ 17,354	\$ 15,901	\$ 15,921	\$ 112,122
<u>(17,973)</u>	<u>(17,354)</u>	<u>(15,901)</u>	<u>(15,921)</u>	<u>(112,122)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,594,684	\$ 3,470,921	\$ 3,180,149	\$ 3,184,013	\$ 3,100,161
0.50%	0.50%	0.50%	0.50%	3.62%

See notes to the required supplementary information

City of Streetsboro
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Notes to the Required Supplementary Information
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NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions – OPERS

Amounts reported incorporate changes in discount rate used in calculating the total pension liability as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Discount Rate	6.90%	7.20%	7.20%	7.50%	8.00%

Calendar year 2017 reflects an adjustment of the rates of withdrawal, disability, retirement and mortality to more closely reflect actual experience. The expectation of retired life mortality was based on RP-2014 Healthy Annuitant mortality table and RP-2014 Disabled mortality table. Wage inflation rate was also reduced from 3.25 percent to 2.75 percent.

Changes in Benefit Terms – OPERS

In October 2020, the OPERS Board adopted a change in COLA for post-January 7, 2013 retirees, changing it from 1.40 percent simple through 2020 then 2.15 simple to 0.5 percent simple through 2021 then 2.15 percent simple.

In October 2019, the OPERS Board adopted a change in COLA for post-January 7, 2013 retirees, changing it from 3.00 percent simple through 2018 then 2.15 simple to 1.4 percent simple through 2020 then 2.15 percent simple.

Changes in Assumptions – OP&F

For 2021, the single discount rate changed from 8.00 percent to 7.50 percent.

For 2018, the single discount rate changed from 8.25 percent to 8.00 percent.

Changes in Benefit Terms – OP&F

No significant changes in benefit terms.

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions - OPERS

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

City of Streetsboro
Portage County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2022

<u>Assumption</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount Rate	6.00%	6.00%	3.16%	3.96%	3.85%	4.23%
Municipal Bond Rate	1.84%	2.00%	2.75%	3.71%	3.31%	n/a
Health Care Cost Trend Rate	5.50%	8.50%	10.50%	10.00%	7.50%	n/a

For calendar year 2019, the investment rate of return decreased from 6.50 percent to 6.00 percent.

Changes in Benefit Terms – OPERS

For calendar year 2022, the cost of living adjustments decreased from 2.20 percent simple to 2.05 percent simple.

For calendar year 2021, the cost of living adjustments decreased from 3.00 percent simple to 2.20 percent simple.

Changes in Assumptions – OP&F

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

<u>Assumption</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount Rate	2.84%	2.96%	3.56%	4.66%	3.24%	3.79%
Municipal Bond Rate	2.05%	2.12%	2.75%	4.13%	3.16%	n/a

Changes in Benefit Terms – OP&F

Beginning January 1, 2019 OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

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**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, OH 44241

To the City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Streetsboro, Portage County, (the City) as of and for the year ended December 31, 2022, 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 31, 2023, wherein we noted the City adopted Governmental Accounting Standards Board Statement No. 87, Leases.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

October 31, 2023

OHIO AUDITOR OF STATE KEITH FABER



CITY OF STREETSBORO

PORTAGE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/28/2023

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

This report is a matter of public record and is available online at
www.ohioauditor.gov