



OHIO AUDITOR OF STATE
KEITH FABER



**CITY OF STREETSBORO
PORTAGE COUNTY**

**DECEMBER 31, 2021
TABLE OF CONTENTS**

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet	
Governmental Funds	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual General Fund.....	20
Local Fiscal Recovery Fund	21
Statement of Fund Net Position	
Enterprise Fund	22
Statement of Revenues, Expenses and Changes in Fund Net Position Enterprise Fund	23
Statement of Cash Flows	
Enterprise Fund	24
Notes to the Basic Financial Statements	26

CITY OF STREETSBORO
PORTAGE COUNTY

DECEMBER 31, 2021
TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Required Supplementary Information:	
Schedule of the City's Proportionate Share of the Net Pension Liability (Ohio Public Employees Retirement System – Traditional Plan).....	72
Schedule of the City's Proportionate Share of the Net Pension Asset (Ohio Public Employees Retirement System – Combined Plan)	74
Schedule of the City's Proportionate Share of the Net OPEB Asset/Liability (Ohio Public Employees Retirement System – OPEB Plan)	75
Schedule of the City's Proportionate Share of the Net Pension Liability (Ohio Police and Fire Pension Fund)	76
Schedule of the City's Proportionate Share of the Net OPEB Liability (Ohio Police and Fire Pension Fund)	78
Schedule of the City's Contributions	
Ohio Public Employees Retirement System	80
Ohio Police and Fire Pension Fund.....	82
Notes to the Required Supplementary Information	84
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	87

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, Ohio 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, 2021, 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Local Fiscal Recovery Fund 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 Matter

As discussed in Note 20 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. We did not modify our opinion regarding 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 7, 2022, 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 7, 2022

This page intentionally left blank.

City of Streetsboro
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

The management's discussion and analysis of the City of Streetsboro's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers are encouraged to consider information presented here in conjunction with the additional information contained in the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Financial highlights for 2021 are as follows:

- The City's total net position increased in 2021. The increase in net position was primarily due to an increase in income tax revenue and a decrease in expenses resulting from decreases in pension and OPEB expenses.
- Governmental capital asset additions included several ongoing infrastructure projects, the completion of the fire station and service garage projects, the purchase of various equipment and vehicles, and various projects at City Park.
- In 2021, the City issued \$5,400,000 of General Obligation (Limited Tax) Various Purpose Improvement Bonds to pay costs of retiring the bond anticipation notes previously issued to finance the fire station and service garage projects

Using this Annual Financial Report

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

The statement of net position and statement of activities provide information about the activities of the City as a whole, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Major 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 non-major funds presented in total in one column.

Reporting on the City of Streetsboro as a Whole

Statement of Net Position and the Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did the City do financially during 2021?" The statement of net position and the statement of activities answer this question. These statements include all 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 the private sector. The basis of this 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 the changes in that position. The changes in net position are important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished; however, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of the City's capital assets will also need to be evaluated.

City of Streetsboro
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

In the statement of net position and the statement of activities, the City is divided into two kinds of activities:

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

Reporting the City'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 segregated for specific activities or objectives. The City, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the general fund, the local fiscal recovery special revenue fund, the fire station and service garage levy debt service fund, and the general capital improvements capital projects fund.

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

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

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

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

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

City of Streetsboro
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

The City as a Whole

The statement of net position provides an overall view of the City. Table 1 shows a summary of the City's net position for 2021 compared to 2020.

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and Other Assets	\$27,577,844	\$25,658,661	\$7,726,800	\$6,903,403	\$35,304,644	\$32,562,064
Net Pension Asset	38,733	24,797	6,835	4,376	45,568	29,173
Net OPEB Asset	362,913	0	64,043	0	426,956	0
Capital Assets, Net	32,471,512	28,829,133	8,924,978	9,338,825	41,396,490	38,167,958
<i>Total Assets</i>	<u>60,451,002</u>	<u>54,512,591</u>	<u>16,722,656</u>	<u>16,246,604</u>	<u>77,173,658</u>	<u>70,759,195</u>
Deferred Outflows of Resources						
Deferred Charge on Refunding	148,046	161,505	155,395	169,521	303,441	331,026
Pension	2,210,621	2,408,803	97,066	107,590	2,307,687	2,516,393
OPEB	1,272,943	1,480,936	46,957	76,360	1,319,900	1,557,296
<i>Total Deferred Outflows of Resources</i>	<u>3,631,610</u>	<u>4,051,244</u>	<u>299,418</u>	<u>353,471</u>	<u>3,931,028</u>	<u>4,404,715</u>
Liabilities						
Current Liabilities	3,573,833	3,758,116	261,492	248,326	3,835,325	4,006,442
Long-term Liabilities:						
Due Within One Year	721,425	561,605	206,787	197,142	928,212	758,747
Due in More Than One Year						
Net Pension Liability	13,282,521	14,336,109	523,930	668,930	13,806,451	15,005,039
Net OPEB Liability	1,602,943	4,229,619	0	473,530	1,602,943	4,703,149
Other Amounts	9,279,424	8,970,856	3,118,930	2,882,764	12,398,354	11,853,620
<i>Total Liabilities</i>	<u>28,460,146</u>	<u>31,856,305</u>	<u>4,111,139</u>	<u>4,470,692</u>	<u>32,571,285</u>	<u>36,326,997</u>
Deferred Inflows of Resources						
Payments in Lieu of Taxes	100,150	100,150	0	0	100,150	100,150
Property Taxes	1,779,742	1,778,685	0	0	1,779,742	1,778,685
Pension	3,018,136	2,646,216	233,776	158,732	3,251,912	2,804,948
OPEB	1,959,094	1,271,715	198,763	76,388	2,157,857	1,348,103
<i>Total Deferred Inflows of Resources</i>	<u>6,857,122</u>	<u>5,796,766</u>	<u>432,539</u>	<u>235,120</u>	<u>7,289,661</u>	<u>6,031,886</u>
Net Position						
Net Investment in Capital Assets	26,805,261	24,471,525	6,167,579	6,459,512	32,972,840	30,931,037
Restricted for:						
Capital Projects	1,113	1,041,328	0	0	1,113	1,041,328
Debt Service	0	525,861	0	0	0	525,861
Other Purposes	3,277,966	3,047,437	0	0	3,277,966	3,047,437
Unrestricted (Deficit)	(1,318,996)	(8,175,387)	6,310,817	5,434,751	4,991,821	(2,740,636)
<i>Total Net Position</i>	<u>\$28,765,344</u>	<u>\$20,910,764</u>	<u>\$12,478,396</u>	<u>\$11,894,263</u>	<u>\$41,243,740</u>	<u>\$32,805,027</u>

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2021. 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

City of Streetsboro
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

reported by the government as a liability since they received the benefit of the exchange. However, City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

By comparing assets and deferred outflows of resources and liabilities and deferred inflows of resources, one can see the position of the City has increased. Governmental and business-type activities net position increased, with the most significant increase being that of unrestricted net position.

Governmental capital assets increased due to additions including several ongoing infrastructure projects, the completion of the fire station and service garage projects, the purchase of various equipment and vehicles, and various projects at City Park. Business-type current and other assets increased primarily due to an increase in cash and cash equivalents as cash inflows continued to exceed cash outflows, despite the increase in cash payments for goods and services.

The decrease in governmental current liabilities was mainly due to the repayment of the notes payable that were issued in 2020. Governmental long-term liabilities decreased due to decreases in the net OPEB liability and net pension liability, despite an increase in long-term debt obligations related to the general obligation various purpose improvement bonds issued in 2021 to pay costs of retiring the bond anticipation notes that had been issued in 2020. Business-type long-term liabilities decreased due to decreases in the net OPEB liability and net pension liability, despite the increase in long-term debt obligations related to the issuance of an OWDA loan. The net pension liability and net OPEB liability changes represent the City's proportionate share of the unfunded benefits of the OPERS traditional and combined plans and the OP&F plan. As indicated previously, changes in benefits, contribution rates, and return on investments affect the balances of the net pension liability. The most significant change was related to the OPERS OPEB plan, which changed from having a net OPEB liability in the prior year to having a net OPEB asset.

Management continues to diligently plan expenses, staying carefully within the City's revenues in an effort to maintain excellent levels of service within the constraints of the budget.

City of Streetsboro
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for the current year. Table 2 shows total revenues, expenses and changes in net position for the fiscal years 2021 and 2020.

(Table 2)
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
<i>Program Revenues:</i>						
Charges for Services	\$1,660,347	\$1,844,894	\$3,679,748	\$3,838,561	\$5,340,095	\$5,683,455
Operating Grants and Contributions	1,464,651	2,126,865	0	9,835	1,464,651	2,136,700
Capital Grants, Contributions and Assessments	1,746,538	710,486	6,585	0	1,753,123	710,486
Total Program Revenues	4,871,536	4,682,245	3,686,333	3,848,396	8,557,869	8,530,641
<i>General Revenues:</i>						
Property Taxes	1,780,211	1,724,900	0	0	1,780,211	1,724,900
Income Taxes	15,480,622	12,848,432	0	0	15,480,622	12,848,432
Grants and Entitlements	559,768	468,162	0	0	559,768	468,162
Unrestricted Contributions	3,775	14,680	0	0	3,775	14,680
Payment in Lieu of Taxes	82,250	97,078	0	0	82,250	97,078
Hotel/Motel Taxes	627,688	403,398	0	0	627,688	403,398
Interest	6,223	40,137	1,931	12,437	8,154	52,574
Gain on Sale of Capital Assets	13,944	0	0	6,000	13,944	6,000
Miscellaneous	857,024	791,252	322,302	5,152	1,179,326	796,404
Total General Revenues	19,411,505	16,388,039	324,233	23,589	19,735,738	16,411,628
Total Revenues	24,283,041	21,070,284	4,010,566	3,871,985	28,293,607	24,942,269
Program Expenses						
General Government	4,236,248	3,685,833	0	0	4,236,248	3,685,833
Security of Persons and Property	7,106,940	7,842,240	0	0	7,106,940	7,842,240
Public Health Services	12,578	24,806	0	0	12,578	24,806
Transportation	2,871,650	3,490,012	0	0	2,871,650	3,490,012
Community Development	974,871	1,163,549	0	0	974,871	1,163,549
Basic Utility Services	549,122	1,066,332	0	0	549,122	1,066,332
Leisure Time Activities	335,320	554,715	0	0	335,320	554,715
Interest and Fiscal Charges	209,728	166,489	0	0	209,728	166,489
Water	0	0	3,558,437	3,213,016	3,558,437	3,213,016
Total Program Expenses	16,296,457	17,993,976	3,558,437	3,213,016	19,854,894	21,206,992
<i>Increase in Net Position Before Transfers</i>	7,986,584	3,076,308	452,129	658,969	8,438,713	3,735,277
Transfers	(132,004)	(31,828)	132,004	31,828	0	0
Change in Net Position	7,854,580	3,044,480	584,133	690,797	8,438,713	3,735,277
<i>Net Position Beginning of Year</i>	20,910,764	17,866,284	11,894,263	11,203,466	32,805,027	29,069,750
Net Position End of Year	\$28,765,344	\$20,910,764	\$12,478,396	\$11,894,263	\$41,243,740	\$32,805,027

City of Streetsboro
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

Governmental Activities

Despite a decrease in operating grants and contributions related to the City's receiving coronavirus relief funding in the prior year, governmental program revenues increased in 2021 due to an increase in capital grants, contributions and assessments due to an increase in Ohio Department of Transportation (ODOT) and Ohio Public Works Commission (OPWC) grant funding for infrastructure projects. The City continues to seek out additional sources of revenue to ensure the stability of the infrastructure is maintained. Governmental charges for services decreased due to decreased building permit revenue received in 2021.

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

Funding for governmental activities is derived from several sources, the largest of which is the City's municipal income tax. The revenue collected from the income tax, less funds necessary to pay the administrative fees for RITA and the State Department of Taxation and to cover refunds, are receipted into the following funds: 82 percent went to the general fund and 18 percent went to the general capital improvements fund. The large increase in income taxes was the primary cause of the increase in general revenues for 2021. The increase in income tax revenue was related to recovery from the pandemic and economic business development.

Total program expenses decreased due to decreases in pension and OPEB expenses, primarily the decrease in OPEB expense related to the OPERS OPEB plan.

The decreases in pension and OPEB expenses were the main cause for the decreases in security of persons and property, transportation, community development, basic utility services, and leisure time activities expenses.

The increase in general government expense was related to 2020 expenses being reduced by significant Bureau of Workers' Compensation (BWC) refunds received during 2020.

Business-Type Activities

The City operates one business-type activity, the water distribution system. In 2021, this activity generated operating revenues of \$4,008,635. The increase in operating revenues was due to an increase in other revenue related to a settlement agreement. Water operating expenses plus non-operating expenses amounted to \$3,558,437 in 2021. The increase in operating expenses was due to an increase in contractual services, primarily due to an increase in maintenance and repair projects, partly offset by a decrease in personal services related to the decrease in pension and OPEB expenses. There were approximately 4,992 customers as of December 31, 2021. The Water Department bills on a quarterly basis.

The City's Funds

Information about the City's governmental funds begins with the balance sheet. The funds are accounted for using the modified accrual method of accounting. Despite a large increase in expenditures, the general fund concluded the year with an increase in fund balance due to increased income tax coupled with a decrease in transfers out. Income tax revenues increased due to recovery from the pandemic. General government expenditures increased due to 2020 expenditures being reduced by significant Bureau of Workers' Compensation (BWC) refunds received during 2020. Security of persons and property expenditures increased due to paying a portion of the police and fire salaries from CARES Act grant funding in the prior year.

City of Streetsboro
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

The local fiscal recovery fund had no fund balance at year end because the local fiscal recovery funding received is unearned revenue until eligibility requirements are met. The fund had no revenues or expenditures during 2021.

The fire station and service garage levy fund had a decrease in fund balance due to the issuance of general obligation bonds to repay the 2020 bond anticipation notes, as well a transfer to the general capital improvements fund to provide for the repayment of the short-term notes.

Despite increases in income tax and intergovernmental revenues and a decrease in capital outlay expenditures, the general capital improvements fund had a decrease in fund balance due to the significant decrease in other financing sources related to the 2020 bond anticipation note proceeds.

Enterprise funds are handled in the same manner as governmental funds, with the intent to ensure the strength of these funds. If expenses were to exceed revenue and dramatically affect net position, the City has the power to increase revenue through rate increases. The net position in the water fund increased in 2021 due to management's careful monitoring of the City's billing rate and expenditures.

General Fund Budgeting Highlights

Budgeting for the operations of the City is done as prescribed by Ohio Revised Code. Essentially the budget is the City's appropriations, which is restricted by the amounts of the anticipated revenues certified by the County Budget Commission in accordance with Ohio Revised Code. In 2021, actual revenues for the general fund were slightly more than final estimated revenues due to higher than expected income tax and fees, licenses and permits revenues due to the change in municipal income tax allocation and the increase in building department fees, licenses and permits, respectively. The City actively seeks out additional sources of funding to maintain services. Actual expenditures were less than final appropriations due to management's effort to control costs and ensure economic stability going forward.

The original revenue and expenditure budget is designed to be very conservative requiring additional spending requests to be approved by Council throughout the year. During the course of 2021, the City amended its general fund budget numerous times, in response to conservative revenue projections being surpassed and necessary expenditures that were not known when the budget was originally approved.

Capital Assets and Long-Term Obligations

Capital Assets

Governmental capital assets additions included several ongoing infrastructure projects, the completion of the fire station and service garage projects, the purchase of various equipment and vehicles, various projects for City parks, among other items. Governmental capital asset deletions included various pieces of equipment and vehicles.

Business-type capital asset additions included some equipment purchases, one new vehicle and construction in progress. See Note 9 to the basic financial statements for additional information on capital assets.

City of Streetsboro
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

Long-Term Obligations

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

In addition, outstanding obligations include net pension/OPEB liabilities and compensated absences. Compensated absences will be paid from the following funds: the general fund, the street maintenance and repair special revenue fund and the water enterprise fund.

The City of Streetsboro's overall legal debt margin was \$48,568,329 on December 31, 2021. For more information about the City's long-term obligations, see Note 13 to the basic financial statements.

Current Financial Issues

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

City Administration has taken an initiative in upgrading its financial system to meet informational needs across various departments. Having access to historical data, as well as key performance indicators on a daily basis, will assist department heads to make timely information-led decisions in their operations. This system overhaul to a cloud-based solution will be in implementation stage for most of 2022, with a go-live planned in the 2nd quarter of 2023. The City has also started and invested in a new work-order system. This mobile software will not only organize daily duties of personnel, but also analyze overhead for cost controls. Coupled with these two projects is the upgrading of the utility software for water billing. This project should be live in 4th quarter of 2022. Along with these larger projects are a myriad of smaller upgrades to a more digital and robust approach so that the City can more efficiently meet the needs of its citizens and businesses.

Contacting the City of Streetsboro's Financial Management

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

City of Streetsboro, Ohio
Statement of Net Position
December 31, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$17,944,856	\$5,458,085	\$23,402,941
Cash and Cash Equivalents with Fiscal Agents	881,825	0	881,825
Materials and Supplies Inventory	274,228	336	274,564
Prepaid Items	248,227	20,248	268,475
Accounts Receivable	604,779	911,644	1,516,423
Intergovernmental Receivable	1,157,769	0	1,157,769
Income Taxes Receivable	4,008,715	0	4,008,715
Property Taxes Receivable	1,818,757	0	1,818,757
Payments in Lieu of Taxes Receivable	100,150	0	100,150
Special Assessments Receivable	108,880	1,036,487	1,145,367
Loans Receivable	429,658	0	429,658
Settlement Receivable	0	300,000	300,000
Net Pension Asset (See Note 17)	38,733	6,835	45,568
Net OPEB Asset (See Note 18)	362,913	64,043	426,956
Nondepreciable Capital Assets	6,693,577	708,653	7,402,230
Depreciable Capital Assets, Net	25,777,935	8,216,325	33,994,260
<i>Total Assets</i>	<u>60,451,002</u>	<u>16,722,656</u>	<u>77,173,658</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	148,046	155,395	303,441
Pension	2,210,621	97,066	2,307,687
OPEB	1,272,943	46,957	1,319,900
<i>Total Deferred Outflows of Resources</i>	<u>3,631,610</u>	<u>299,418</u>	<u>3,931,028</u>
Liabilities			
Accounts Payable	348,447	7,977	356,424
Accrued Wages	171,129	12,854	183,983
Contracts Payable	619,405	74,817	694,222
Retainage Payable	110,469	0	110,469
Intergovernmental Payable	229,813	105,787	335,600
Deposits Held and Due to Others	703,465	0	703,465
Unearned Revenue	863,044	0	863,044
Accrued Interest Payable	21,192	6,334	27,526
Vacation Benefits Payable	506,869	53,723	560,592
Long-Term Liabilities:			
Due Within One Year	721,425	206,787	928,212
Due in More Than One Year:			
Net Pension Liability (See Note 17)	13,282,521	523,930	13,806,451
Net OPEB Liability (See Note 18)	1,602,943	0	1,602,943
Other Amounts	9,279,424	3,118,930	12,398,354
<i>Total Liabilities</i>	<u>28,460,146</u>	<u>4,111,139</u>	<u>32,571,285</u>
Deferred Inflows of Resources			
Payments in Lieu of Taxes	100,150	0	100,150
Property Taxes	1,779,742	0	1,779,742
Pension	3,018,136	233,776	3,251,912
OPEB	1,959,094	198,763	2,157,857
<i>Total Deferred Inflows of Resources</i>	<u>6,857,122</u>	<u>432,539</u>	<u>7,289,661</u>
Net Position			
Net Investment in Capital Assets	26,805,261	6,167,579	32,972,840
Restricted for:			
Capital Projects	1,113	0	1,113
Other Purposes	3,277,966	0	3,277,966
Unrestricted (Deficit)	(1,318,996)	6,310,817	4,991,821
<i>Total Net Position</i>	<u>\$28,765,344</u>	<u>\$12,478,396</u>	<u>\$41,243,740</u>

See accompanying notes to the basic financial statements

City of Streetsboro, Ohio
Statement of Activities
For the Year Ended December 31, 2021

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants, Contributions and Assessments
Primary Government				
Governmental Activities:				
General Government	\$4,236,248	\$406,686	\$12,057	\$1,211
Security of Persons and Property	7,106,940	917,718	22,451	0
Public Health Services	12,578	0	5,320	0
Transportation	2,871,650	0	1,418,183	1,707,797
Community Development	974,871	105,245	6,590	0
Basic Utility Services	549,122	63,559	0	0
Leisure Time Activities	335,320	167,139	50	37,530
Interest and Fiscal Charges	209,728	0	0	0
<i>Total Governmental Activities</i>	16,296,457	1,660,347	1,464,651	1,746,538
Business-Type Activities:				
Water	3,558,437	3,679,748	0	6,585
<i>Total - Primary Government</i>	<u>\$19,854,894</u>	<u>\$5,340,095</u>	<u>\$1,464,651</u>	<u>\$1,753,123</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

Unrestricted Contributions

Payment in Lieu of Taxes

Hotel/Motel Taxes

Interest

Gain on Sale of Capital Assets

Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position

Primary Government

Governmental Activities	Business-Type Activities	Total
(\$3,816,294)	\$0	(\$3,816,294)
(6,166,771)	0	(6,166,771)
(7,258)	0	(7,258)
254,330	0	254,330
(863,036)	0	(863,036)
(485,563)	0	(485,563)
(130,601)	0	(130,601)
(209,728)	0	(209,728)
(11,424,921)	0	(11,424,921)
0	127,896	127,896
(11,424,921)	127,896	(11,297,025)
898,445	0	898,445
331,002	0	331,002
408,912	0	408,912
141,852	0	141,852
12,700,584	0	12,700,584
2,780,038	0	2,780,038
559,768	0	559,768
3,775	0	3,775
82,250	0	82,250
627,688	0	627,688
6,223	1,931	8,154
13,944	0	13,944
857,024	322,302	1,179,326
19,411,505	324,233	19,735,738
(132,004)	132,004	0
19,279,501	456,237	19,735,738
7,854,580	584,133	8,438,713
20,910,764	11,894,263	32,805,027
\$28,765,344	\$12,478,396	\$41,243,740

City of Streetsboro, Ohio

Balance Sheet

Governmental Funds

December 31, 2021

	General	Local Fiscal Recovery	Fire Station and Service Garage Levy	General Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$9,901,951	\$863,044	\$330,822	\$2,320,032	\$3,831,700	\$17,247,549
Cash and Cash Equivalents						
With Fiscal Agents	0	0	0	881,825	0	881,825
Materials and Supplies Inventory	126,796	0	0	0	147,432	274,228
Accounts Receivable	269,521	0	0	7,839	327,419	604,779
Intergovernmental Receivable	218,336	0	3,328	251,448	684,657	1,157,769
Prepaid Items	233,252	0	0	0	14,975	248,227
Income Taxes Receivable	3,287,146	0	0	721,569	0	4,008,715
Property Taxes Receivable	918,226	0	417,254	0	483,277	1,818,757
Payments in Lieu of Taxes Receivable	0	0	0	0	100,150	100,150
Loans Receivable	0	0	0	0	429,658	429,658
Special Assessments Receivable	0	0	0	21,544	87,336	108,880
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	697,207	0	0	0	100	697,307
Total Assets	\$15,652,435	\$863,044	\$751,404	\$4,204,257	\$6,106,704	\$27,577,844
Liabilities						
Accounts Payable	\$238,831	\$0	\$0	\$53,586	\$56,030	\$348,447
Accrued Wages	162,515	0	0	0	8,614	171,129
Contracts Payable	4,960	0	0	614,445	0	619,405
Retainage Payable	0	0	0	110,469	0	110,469
Intergovernmental Payable	217,132	0	0	0	12,681	229,813
Deposits Held and Due to Others	703,365	0	0	0	100	703,465
Unearned Revenue	0	863,044	0	0	0	863,044
Total Liabilities	1,326,803	863,044	0	778,500	77,425	3,045,772
Deferred Inflows of Resources						
Payments in Lieu of Taxes	0	0	0	0	100,150	100,150
Property Taxes	898,191	0	408,818	0	472,733	1,779,742
Unavailable Revenue	1,535,254	0	11,764	468,546	875,918	2,891,482
Total Deferred Inflows of Resources	2,433,445	0	420,582	468,546	1,448,801	4,771,374
Fund Balances						
Nonspendable	360,190	0	0	0	162,407	522,597
Restricted	0	0	330,822	0	3,497,020	3,827,842
Committed	541,319	0	0	2,957,211	921,051	4,419,581
Assigned	393,930	0	0	0	0	393,930
Unassigned	10,596,748	0	0	0	0	10,596,748
Total Fund Balances	11,892,187	0	330,822	2,957,211	4,580,478	19,760,698
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$15,652,435	\$863,044	\$751,404	\$4,204,257	\$6,106,704	\$27,577,844

See accompanying notes to the basic financial statements

City of Streetsboro, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2021*

Total Governmental Fund Balances	\$19,760,698
---	---------------------

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	32,471,512
---	------------

Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:

Delinquent Property Taxes	39,015	
Income Taxes	1,394,024	
Special Assessments	108,880	
Intergovernmental	828,899	
Charges for Services	509,265	
Other	11,399	
Total	2,891,482	2,891,482

Deferred charges on refunding related to the issuance of long-term refunding debt will be amortized over the life of the debt on the statement of net position.	148,046
---	---------

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(21,192)
--	----------

Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore are not reported in the funds.	(506,869)
---	-----------

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

General Obligation Bonds	(8,581,199)	
OPWC Loans Payable	(95,632)	
Tax Incremental Financing Agreement	(586,069)	
Compensated Absences	(737,949)	
Total	(10,000,849)	(10,000,849)

The net pension/OPEB asset and net pension/OPEB liability are not due and payable in the current period; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds:

Net Pension Asset	38,733	
Net OPEB Asset	362,913	
Deferred Outflows - Pension	2,210,621	
Deferred Outflows - OPEB	1,272,943	
Net Pension Liability	(13,282,521)	
Net OPEB Liability	(1,602,943)	
Deferred Inflows - Pension	(3,018,136)	
Deferred Inflows - OPEB	(1,959,094)	
Total	(15,977,484)	(15,977,484)

<i>Net Position of Governmental Activities</i>	<u><u>\$28,765,344</u></u>
--	-----------------------------------

See accompanying notes to the basic financial statements

City of Streetsboro, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General	Fire Station and Service Garage Levy	General Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$897,749	\$408,619	\$0	\$472,488	\$1,778,856
Income Taxes	12,634,618	0	2,765,557	0	15,400,175
Special Assessments	0	0	5,432	16,824	22,256
Payment In Lieu of Taxes	0	0	0	82,250	82,250
Hotel/Motel Taxes	470,766	0	0	156,922	627,688
Intergovernmental	485,191	6,656	1,511,274	1,379,657	3,382,778
Interest	5,033	0	0	1,190	6,223
Fees, Licenses and Permits	705,274	0	0	29,920	735,194
Fines and Forfeitures	63,685	0	0	3,162	66,847
Rentals	0	0	0	18,360	18,360
Charges for Services	233,894	0	0	370,760	604,654
Contributions and Donations	41,305	0	0	13,798	55,103
Cable Franchise Fees	204,722	0	0	0	204,722
Other	798,463	0	13,378	42,438	854,279
<i>Total Revenues</i>	<u>16,540,700</u>	<u>415,275</u>	<u>4,295,641</u>	<u>2,587,769</u>	<u>23,839,385</u>
Expenditures					
Current:					
General Government	4,642,382	6,994	0	229,108	4,878,484
Security of Persons and Property	6,334,850	0	0	264,407	6,599,257
Public Health Services	0	0	0	57,529	57,529
Leisure Time Activities	523,200	0	0	83,696	606,896
Community Development	1,187,820	0	0	189,671	1,377,491
Transportation	0	0	0	904,316	904,316
Basic Utility Services	725,866	0	0	0	725,866
Capital Outlay	0	0	6,545,205	471,179	7,016,384
Debt Service:					
Principal Retirement	0	5,400,000	11,954	291,192	5,703,146
Interest and Fiscal Charges	0	258,800	6,235	77,651	342,686
Issuance Costs	0	153,735	0	0	153,735
<i>Total Expenditures</i>	<u>13,414,118</u>	<u>5,819,529</u>	<u>6,563,394</u>	<u>2,568,749</u>	<u>28,365,790</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>3,126,582</u>	<u>(5,404,254)</u>	<u>(2,267,753)</u>	<u>19,020</u>	<u>(4,526,405)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	5,814	0	0	33,275	39,089
General Obligation Bonds Issued	0	5,400,000	0	0	5,400,000
Premium on General Obligation Bonds Issued	0	811,395	0	0	811,395
Transfers In	0	0	1,570,644	50,000	1,620,644
Transfers Out	(843,200)	(877,444)	0	(32,004)	(1,752,648)
<i>Total Other Financing Sources (Uses)</i>	<u>(837,386)</u>	<u>5,333,951</u>	<u>1,570,644</u>	<u>51,271</u>	<u>6,118,480</u>
<i>Net Change in Fund Balances</i>	2,289,196	(70,303)	(697,109)	70,291	1,592,075
<i>Fund Balances Beginning of Year</i>	<u>9,602,991</u>	<u>401,125</u>	<u>3,654,320</u>	<u>4,510,187</u>	<u>18,168,623</u>
<i>Fund Balances End of Year</i>	<u>\$11,892,187</u>	<u>\$330,822</u>	<u>\$2,957,211</u>	<u>\$4,580,478</u>	<u>\$19,760,698</u>

See accompanying notes to the basic financial statements

City of Streetsboro, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2021*

Net Change in Fund Balances - Total Governmental Funds \$1,592,075

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlay exceeded depreciation in the current period:

Capital Asset Additions	5,650,343	
Current Year Depreciation	(2,005,319)	
Total	3,645,024	3,645,024

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. (2,645)

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

Delinquent Property Taxes	1,355	
Income Taxes	80,447	
Special Assessments	(20,599)	
Intergovernmental	335,194	
Fines and Forfeitures	(21,000)	
Charges for Services	98,799	
Cable Franchise Fees	(47,229)	
Other	2,745	
Total	429,712	429,712

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

General Obligation Bonds Issued	(5,400,000)	
Premium on General Obligation Bonds Issued	(811,395)	
Total	(6,211,395)	(6,211,395)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 5,703,146

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

Accrued Interest on Bonds	87,654	
Amortization of Premium	58,763	
Amortization of Deferred Charge on Refunding	(13,459)	
Total	132,958	132,958

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	(18,902)	
Vacation Benefits Payable	(7,032)	
Total	(25,934)	(25,934)

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

Pension	1,247,634	
OPEB	27,780	
Total	1,275,414	1,275,414

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB asset or liability are reported as pension expense in the statement of activities:

Pension	(750,212)	
OPEB	2,066,437	
Total	1,316,225	1,316,225

Change in Net Position of Governmental Activities \$7,854,580

See accompanying notes to the basic financial statements

City of Streetsboro, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$897,923	\$897,923	\$897,749	(\$174)
Income Taxes	10,930,707	12,255,707	12,312,297	56,590
Hotel/Motel Taxes	440,000	440,000	459,855	19,855
Intergovernmental	323,005	454,407	522,359	67,952
Interest	45,000	45,000	5,033	(39,967)
Fees, Licenses and Permits	698,850	666,649	705,274	38,625
Fines and Forfeitures	51,001	51,001	58,028	7,027
Charges for Services	222,000	222,000	235,735	13,735
Contributions and Donations	7,000	8,000	3,775	(4,225)
Cable Franchise Fees	200,000	200,000	205,625	5,625
Other	552,615	828,838	787,949	(40,889)
<i>Total Revenues</i>	<u>14,368,101</u>	<u>16,069,525</u>	<u>16,193,679</u>	<u>124,154</u>
Expenditures				
Current:				
General Government	6,049,734	5,958,664	5,421,170	537,494
Security of Persons and Property	7,009,857	7,111,851	6,600,810	511,041
Leisure Time Activities	526,969	554,469	500,427	54,042
Community Development	1,229,634	1,524,174	1,439,798	84,376
Basic Utility Services	919,858	903,318	842,795	60,523
<i>Total Expenditures</i>	<u>15,736,052</u>	<u>16,052,476</u>	<u>14,805,000</u>	<u>1,247,476</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,367,951)</u>	<u>17,049</u>	<u>1,388,679</u>	<u>1,371,630</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	5,814	5,814
Transfers Out	0	(883,200)	(843,200)	40,000
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(883,200)</u>	<u>(837,386)</u>	<u>45,814</u>
<i>Net Change in Fund Balance</i>	<u>(1,367,951)</u>	<u>(866,151)</u>	<u>551,293</u>	<u>1,417,444</u>
<i>Fund Balance Beginning of Year</i>	8,084,176	8,084,176	8,084,176	0
Prior Year Encumbrances Appropriated	846,402	846,402	846,402	0
<i>Fund Balance End of Year</i>	<u>\$7,562,627</u>	<u>\$8,064,427</u>	<u>\$9,481,871</u>	<u>\$1,417,444</u>

See accompanying notes to the basic financial statements

City of Streetsboro, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Local Fiscal Recovery Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$863,044	\$863,044	\$863,044	\$0
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	863,044	863,044	863,044	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$863,044</u></u>	<u><u>\$863,044</u></u>	<u><u>\$863,044</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

City of Streetsboro, Ohio
Statement of Fund Net Position
Enterprise Fund
December 31, 2021

	Water
Assets	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$5,458,085
Materials and Supplies Inventory	336
Prepaid Items	20,248
<i>Receivables:</i>	
Accounts	911,644
Special Assessments	1,036,487
Settlement	100,000
<i>Total Current Assets</i>	7,526,800
<i>Noncurrent Assets:</i>	
Settlement Receivable (net of current portion)	200,000
Net Pension Asset	6,835
Net OPEB Asset	64,043
<i>Capital Assets:</i>	
Nondepreciable Capital Assets	708,653
Depreciable Capital Assets, Net	8,216,325
<i>Total Noncurrent Assets</i>	9,195,856
<i>Total Assets</i>	16,722,656
Deferred Outflows of Resources	
Deferred Charge on Refunding	155,395
Pension	97,066
OPEB	46,957
<i>Total Deferred Outflows of Resources</i>	299,418
Liabilities	
<i>Current Liabilities:</i>	
Accounts Payable	7,977
Accrued Wages	12,854
Contracts Payable	74,817
Intergovernmental Payable	105,787
Accrued Interest Payable	6,334
Vacation Benefits Payable	53,723
General Obligation Bonds Payable	180,000
OWDA Loans Payable	18,912
Compensated Absences Payable	7,875
<i>Total Current Liabilities</i>	468,279
<i>Long-Term Liabilities (net of current portion):</i>	
General Obligation Bonds Payable	2,321,432
OWDA Loans Payable	766,220
Compensated Absences Payable	31,278
Net Pension Liability	523,930
<i>Total Long-Term Liabilities</i>	3,642,860
<i>Total Liabilities</i>	4,111,139
Deferred Inflows of Resources	
Pension	233,776
OPEB	198,763
<i>Total Deferred Inflows of Resources</i>	432,539
Net Position	
Net Investment in Capital Assets	6,167,579
Unrestricted	6,310,817
<i>Total Net Position</i>	\$12,478,396

See accompanying notes to the basic financial statements

City of Streetsboro, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Enterprise Fund
For the Year Ended December 31, 2021*

	Water
Operating Revenues	
Charges for Services	\$3,679,748
Special Assessments	6,585
Other	322,302
<i>Total Operating Revenues</i>	4,008,635
Operating Expenses	
Personal Services	564,312
Materials and Supplies	164,367
Contractual Services	2,152,501
Depreciation	521,493
Other	598
<i>Total Operating Expenses</i>	3,403,271
<i>Operating Income</i>	605,364
Non-Operating Revenues (Expenses)	
Interest	1,931
Interest and Fiscal Charges	(100,035)
Loss on Disposal of Capital Assets	(55,131)
<i>Total Non-Operating Revenues (Expenses)</i>	(153,235)
<i>Income before Transfers</i>	452,129
Transfers In	132,004
<i>Change in Net Position</i>	584,133
<i>Net Position Beginning of Year</i>	11,894,263
<i>Net Position End of Year</i>	\$12,478,396

See accompanying notes to the basic financial statements

City of Streetsboro, Ohio
Statement of Cash Flows
Enterprise Fund
For the Year Ended December 31, 2021

	Water
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Customers	\$3,756,406
Special Assessments	86,358
Other Cash Receipts	23,801
Cash Payments to Employees for Services	(1,038,005)
Cash Payments for Goods and Services	(2,364,294)
Other Cash Payments	(598)
	463,668
<i>Net Cash Provided by Operating Activities</i>	
Cash Flows from Noncapital and Related Financing Activities	
OWDA Loans Issued	448,587
Interest and Fiscal Charges Paid on OWDA Loan	(10,542)
Transfers In	100,000
	538,045
<i>Net Cash Provided by Noncapital Financing Activities</i>	
Cash Flows from Capital and Related Financing Activities	
Principal Paid on General Obligation Bonds	(175,000)
Interest Paid on General Obligation Bonds	(79,512)
Payments for Capital Acquisitions	(87,960)
	(342,472)
<i>Net Cash Used for Capital and Related Financing Activities</i>	
Cash Flows from Investing Activities	
Interest on Investments	1,931
	661,172
<i>Net Increase in Cash and Cash Equivalents</i>	
<i>Cash and Cash Equivalents Beginning of Year</i>	4,796,913
<i>Cash and Cash Equivalents End of Year</i>	\$5,458,085

(continued)

City of Streetsboro, Ohio
Statement of Cash Flows
Enterprise Fund (continued)
For the Year Ended December 31, 2021

	Water
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$605,364
Adjustments:	
Depreciation	521,493
<i>(Increase) Decrease in Assets and Deferred Outflows:</i>	
Materials and Supplies Inventory	(117)
Accounts Receivable	78,157
Special Assessments	79,773
Settlement Receivable	(300,000)
Prepaid Items	(20,038)
Net Pension Asset	(807)
Deferred Outflows - Pension	108,877
Deferred Outflows - OPEB	66,500
<i>Increase (Decrease) in Liabilities and Deferred Inflows:</i>	
Accounts Payable	(24,316)
Accrued Wages	(22,726)
Intergovernmental Payable	(23,312)
Vacation Benefits Payable	8,995
Compensated Absences Payable	8,081
Net Pension Liability	(2,807)
Net OPEB Liability	(309,508)
Deferred Inflows - Pension	(167,154)
Deferred Inflows - OPEB	(142,787)
<i>Total Adjustments</i>	<i>(141,696)</i>
<i>Net Cash Provided by Operating Activities</i>	<i>\$463,668</i>

Noncash Capital and Related Financing Activities

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

During 2021, the Special Assessment bond retirement fund paid \$18,000 in principal and \$14,004 in interest on an Ohio Water Development loan for the water enterprise fund.

See accompanying notes to the basic financial statements

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

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.

The City participates in the Regional Income Tax Agency, which is defined as a jointly governed organization. This organization is discussed in Note 14 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

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

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

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

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.

Fire Station and Service Garage Levy Fund – The fire station and service garage levy fund accounts for and reports property taxes and debt proceeds that are restricted for the repayment of debt related to the fire station and service garage projects.

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.

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.

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

Enterprise Funds – Enterprise funds may be used to account for and report any activity for which a fee is charged to external users for goods or services. The following is the City’s major enterprise fund:

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

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.

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

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

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

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net 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 17 and 18.

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 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, 2021, but which were levied to finance 2022 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 found on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government – wide statement of net position (See Notes 17 and 18).

Pensions/Other Postemployment Benefits (OPEB)

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

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

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

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 2021, 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 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transactions 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 2021 amounted to \$5,033 of which \$1,340 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, 2021, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

Inventory

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

Restricted Assets

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

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

Capital Assets

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

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

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

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

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

Compensated Absences

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

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

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance

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

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

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

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

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

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

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

Charter or ordinance, or by State statute. State statute authorizes the Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. City Council assigned fund balance to cover a gap between estimated revenues and appropriations in 2022's budget.

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

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

Net Position

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

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

Budgetary Process

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

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

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

Deferred Charge on Refunding

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

Bond Premium

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

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.

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

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.

Note 3 – Change in Accounting Principle

The City is implementing *Implementation Guide No. 2019-1*. These changes were incorporated in the City’s 2021 financial statements; however, there was no effect on beginning net position/fund balance.

Note 4 – Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The statement of revenues, expenditures and changes in fund balances – budget (non-GAAP basis) and actual for the general fund 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:

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

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

	General	Local Fiscal Recovery
GAAP Basis	\$2,289,196	\$0
Net Adjustment for Revenue Accruals	(347,021)	863,044
Net Adjustment for Expenditures Accruals	(273,595)	0
Encumbrances	(1,117,287)	0
Budget Basis	\$551,293	\$863,044

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

Note 5 – Fund Balances

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

Fund Balances	General	Fire Station and Service Garage Levy	General Capital Improvements	Other Governmental Funds	Total
<i>Nonspendable</i>					
Prepays	\$233,252	\$0	\$0	\$14,975	\$248,227
Unclaimed Monies	142	0	0	0	142
Inventory	126,796	0	0	147,432	274,228
<i>Total Nonspendable</i>	360,190	0	0	162,407	522,597
<i>Restricted for</i>					
General Government	0	0	0	93,859	93,859
Public Safety	0	0	0	129,662	129,662
Street Maintenance	0	0	0	1,884,064	1,884,064
Community Development	0	0	0	507,234	507,234
Public Health and Welfare	0	0	0	81,588	81,588
Debt Service Payments	0	330,822	0	799,500	1,130,322
Capital Improvements	0	0	0	1,113	1,113
<i>Total Restricted</i>	0	330,822	0	3,497,020	3,827,842
<i>Committed to</i>					
Capital Improvements	0	0	2,957,211	802,313	3,759,524
Recreation	0	0	0	107,751	107,751
Personal Services	355,270	0	0	0	355,270
Contractual Services	169,622	0	0	0	169,622
Materials and Supplies	16,427	0	0	0	16,427
Litter Programs	0	0	0	329	329
Senior Services	0	0	0	9,472	9,472
City Beautification Programs	0	0	0	1,186	1,186
<i>Total Committed</i>	541,319	0	2,957,211	921,051	4,419,581
<i>Assigned to</i>					
Purchases on Order:					
Personal Services	9,166	0	0	0	9,166
Contractual Services	94,219	0	0	0	94,219
Materials and Supplies	35,027	0	0	0	35,027
2022 Operations	255,518	0	0	0	255,518
<i>Total Assigned</i>	393,930	0	0	0	393,930
<i>Unassigned</i>	10,596,748	0	0	0	10,596,748
<i>Total Fund Balances</i>	\$11,892,187	\$330,822	\$2,957,211	\$4,580,478	\$19,760,698

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

Note 6 – Deposits and Investments

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

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

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

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

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

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

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

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

The City has passed an ordinance allowing the City to invest monies not required to be used for a specific period of six months or more in the following:

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2021, \$4,577,025 of the City's total bank balance of \$17,015,718 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. One of the City's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 60 percent resulting in the uninsured and uncollateralized balance.

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

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

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

Investments

As of December 31, 2021, the City had STAR Ohio as an investment. STAR Ohio is being held with an amount of \$6,834,270 which is measured at net asset value per share. The average maturity is 51.3 days.

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

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 7 – Receivables

Receivables at December 31, 2021, consisted primarily of municipal income taxes, property and other taxes, payments in lieu of taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, and accounts (billings for utility service). Except for mortgages collected and distributed through the revolving loan special revenue fund, receivables are considered collectible in full.

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

The settlement receivable of \$300,000 reported in the water fund includes \$200,000 to be received in more than one year.

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

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

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

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

	Loans Receivable	Allowances for Uncollectibles	Net Loans Receivable
Revolving Loans	\$817,089	\$420,431	\$396,658
Other Loans	33,000	0	33,000
Total	<u>\$850,089</u>	<u>\$420,431</u>	<u>\$429,658</u>

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2021 for real and public utility property taxes represents collections of 2020 taxes. 2021 real property taxes were levied after October 1, 2021, on the assessed value as of January 1, 2021, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2021 real property taxes are collected in and intended to finance 2022.

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. 2021 public utility property taxes, which became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2021, was \$3.70 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2021 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	
Residential/Agricultural	\$309,878,510
Other Real Estate	189,273,480
Tangible Personal Property	
Public Utility	11,681,410
Total Assessed Values	\$510,833,400

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2021, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2021 operations is offset to deferred inflows of resources – property taxes. On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

Income Taxes

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

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

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.

Intergovernmental Receivables

A summary of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities	
Gasoline and Municipal Cents per Gallon	\$504,913
Local Government	168,418
Ohio Public Works Commission	132,357
Ohio Department of Transportation	119,091
Motor Vehicle Registration	80,732
Permissive Tax	75,449
Homestead and Rollback	70,884
Police Department Court Distributions	5,925
Total	<u><u>\$1,157,769</u></u>

Note 8 – Tax Abatement Disclosures

As of December 31, 2021, 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. 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.

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

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 information relevant to the disclosure of those programs for the year ended December 31, 2021, is as follows:

Tax Abatement Program	Total Amount of Taxes Abated (Incentives Abated) For the Year 2021 (In Actual Dollars)
Enterprise Zone - Retail	\$5,145

Note 9 – Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

	Balance 12/31/2020	Additions	Deductions	Balance 12/31/2021
Governmental Activities				
<i>Capital Assets not being Depreciated:</i>				
Land	\$2,234,910	\$37,530	\$0	\$2,272,440
Construction in Progress	7,343,589	4,383,623	(7,306,075)	4,421,137
Total Capital Assets not being Depreciated	9,578,499	4,421,153	(7,306,075)	6,693,577
<i>Capital Assets being Depreciated:</i>				
Land Improvements	1,181,881	40,815	0	1,222,696
Buildings and Improvements	5,672,748	7,372,925	0	13,045,673
Furniture and Equipment	4,742,905	233,366	(47,709)	4,928,562
Vehicles	6,093,038	519,288	(312,517)	6,299,809
Infrastructure	20,883,403	368,871	0	21,252,274
Total Capital Assets being Depreciated	38,573,975	8,535,265	(360,226)	46,749,014
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(1,051,068)	(15,664)	0	(1,066,732)
Buildings and Improvements	(2,680,370)	(371,622)	0	(3,051,992)
Furniture and Equipment	(3,350,675)	(259,565)	45,069	(3,565,171)
Vehicles	(4,359,718)	(414,360)	312,512	(4,461,566)
Infrastructure	(7,881,510)	(944,108)	0	(8,825,618)
Total Accumulated Depreciation	(19,323,341)	(2,005,319) *	357,581	(20,971,079)
Total Capital Assets being Depreciated, Net	19,250,634	6,529,946	(2,645)	25,777,935
Governmental Activities Capital Assets, Net	\$28,829,133	\$10,951,099	(\$7,308,720)	\$32,471,512

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

*Depreciation expense was charged to governmental activities as follows:

General Government	\$151,170
Security of Persons and Property	719,654
Public Health Services	5,391
Transportation	834,323
Community Development	8,730
Basic Utility Services	222,078
Leisure Time Activities	63,973
Total Depreciation Expense	<u><u>\$2,005,319</u></u>

	Balance 12/31/2020	Additions	Deductions	Balance 12/31/2021
Business Type Activities:				
<i>Capital Assets not being Depreciated:</i>				
Land	\$547,386	\$0	\$0	\$547,386
Construction in Progress	141,581	74,817	(55,131)	161,267
Total Capital Assets not being Depreciated	<u>688,967</u>	<u>74,817</u>	<u>(55,131)</u>	<u>708,653</u>
<i>Capital Assets being Depreciated:</i>				
Furniture and Equipment	919,118	58,139	0	977,257
Vehicles	575,749	22,282	0	598,031
Infrastructure	16,792,037	62,670	(55,131)	16,799,576
Total Capital Assets being Depreciated	<u>18,286,904</u>	<u>143,091</u>	<u>(55,131)</u>	<u>18,374,864</u>
<i>Less Accumulated Depreciation:</i>				
Furniture and Equipment	(758,754)	(38,231)	0	(796,985)
Vehicles	(346,189)	(46,783)	0	(392,972)
Infrastructure	(8,532,103)	(436,479)	0	(8,968,582)
Total Accumulated Depreciation	<u>(9,637,046)</u>	<u>(521,493)</u>	<u>0</u>	<u>(10,158,539)</u>
Total Capital Assets being Depreciated, Net	<u>8,649,858</u>	<u>(378,402)</u>	<u>(55,131)</u>	<u>8,216,325</u>
Business Type Activities Capital Assets, Net	<u><u>\$9,338,825</u></u>	<u><u>(\$303,585)</u></u>	<u><u>(\$110,262)</u></u>	<u><u>\$8,924,978</u></u>

Note 10 – Compensated Absences

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

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

Note 11 – Interfund Transfers

Interfund transfers for the year ended December 31, 2021, consisted of the following:

Transfers Out	Transfers In			Total
	General Capital Improvements	Other Governmental Funds	Water Fund	
General	\$693,200	\$50,000	\$100,000	\$843,200
Fire Station and Service Garage Levy	877,444	0	0	877,444
Other Governmental Funds	0	0	32,004	32,004
Total	\$1,570,644	\$50,000	\$132,004	\$1,752,648

The general fund transferred \$693,200 to the general capital improvements capital projects fund to provide funding for ongoing capital projects. The general fund also transferred \$50,000 to other governmental funds to provide for the City’s bicentennial and \$100,000 to the water enterprise fund to move amounts from deposits to the water reserve. The fire station and service garage levy fund transferred \$877,444 to the general capital improvements fund to provide for repayment of the short-term notes. A transfer of \$32,004 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 12 – Notes Payable

Changes in the City’s note activity for the year ended December 31, 2021, were as follows:

Types / Issues	Balance 12/31/2020	Additions	Reductions	Balance 12/31/2021
Fire Station Improvements	\$745,000	\$0	(\$745,000)	\$0
Service Garage Improvements	110,000	0	(110,000)	0
Total Short-Term Notes	\$855,000	\$0	(\$855,000)	\$0

All the notes were backed by the full faith and credit of the City of Streetsboro and matured within one year. The maturity date for all outstanding notes was April 15, 2021. The note liability was reflected in the funds that received the proceeds. The notes were paid out of the general capital improvement capital projects fund with property taxes.

By Ohio law, notes can be issued in anticipation of bond proceeds, special assessment bond proceeds and levies, or for up to 50 percent of anticipated revenue collections. There are limitations on the number of times a note can be renewed. All notes in the preceding table were bond anticipation notes and were presented as a fund liability.

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

Note 13 – Long-Term Obligations

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

Debt Issue	Interest Rate	Original Issue	Year of Maturity
Business-Type Activities:			
2016 Various Purpose General Obligation Refunding Bonds	2.0-4.0%	\$2,650,000	2032
OWDA - Briar Root Manor Waterline	5.01	482,065	2034
OWDA - Streetsboro Priority Watermain Replacement	0.00	Not Finalized	Not Finalized
Governmental Activities:			
2016 Various Purpose General Obligation Refunding Bonds	2.0-4.0	2,615,000	2030
2021 Various Purpose Improvement Bonds (Limited Tax)	3.0-4.0	5,400,000	2040
<i>Long-Term Notes Payable:</i>			
2020 Fire Station Improvement Notes	2.625	4,695,000	2021
2020 Service Garage Improvement Notes	2.625	705,000	2021
<i>Ohio Public Works Commission Loans:</i>			
Seasons Road	0.00	179,309	2030
Tax Incremental Financing Agreement	0.00	2,204,109	N/A

A schedule of changes in bonds and other long-term obligations of the City during 2021 follows:

	Amount Outstanding 12/31/2020	Additions	Deletions	Amount Outstanding 12/31/2021	Amounts Due In One Year
Business-Type Activities:					
<i>General Obligation Bonds:</i>					
2016 Various Purpose General Obligation Refunding Bonds					
Serial	\$2,480,000	\$0	(\$175,000)	\$2,305,000	\$180,000
Premium	214,289	0	(17,857)	196,432	0
Total General Obligation Bonds	2,694,289	0	(192,857)	2,501,432	180,000
<i>OWDA Loans from Direct Borrowings:</i>					
Briar Root Manor Waterline	354,545	0	(18,000)	336,545	18,912
Streetsboro Priority Watermain Replacement	0	448,587	0	448,587	0
Total OWDA Loans	354,545	448,587	(18,000)	785,132	18,912
<i>Other Long-Term Obligations:</i>					
Net Pension Liability - OPERS	668,930	0	(145,000)	523,930	0
Net OPEB Liability - OPERS	473,530	0	(473,530)	0	0
Compensated Absences	31,072	12,223	(4,142)	39,153	7,875
Total Other Long-Term Obligations	1,173,532	12,223	(622,672)	563,083	7,875
Total Business-Type Activities Obligations	\$4,222,366	\$460,810	(\$833,529)	\$3,849,647	\$206,787

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

	Amount Outstanding 12/31/2020	Additions	Deletions	Amount Outstanding 12/31/2021	Amounts Due In One Year
Governmental Activities Obligations:					
<i>General Obligation Bonds:</i>					
2016 Various Purpose General Obligation Refunding Bonds					
Serial	\$2,410,000	\$0	(\$210,000)	\$2,200,000	\$215,000
Premium	218,997	0	(18,250)	200,747	0
2021 General Obligation (Limited Tax) Various Purpose Improvement Bonds					
Serial	0	2,135,000	0	2,135,000	200,000
Term	0	3,265,000	0	3,265,000	0
Premium	0	811,395	(30,943)	780,452	0
Total General Obligation Bonds	<u>2,628,997</u>	<u>6,211,395</u>	<u>(259,193)</u>	<u>8,581,199</u>	<u>415,000</u>
<i>OPWC Loans from Direct Borrowings:</i>					
Seasons Road	107,586	0	(11,954)	95,632	11,954
<i>Notes Payable:</i>					
Fire Station Improvements	4,695,000	0	(4,695,000)	0	0
Premium on Notes	8,323	0	(8,323)	0	0
Service Garage Improvements	705,000	0	(705,000)	0	0
Premium on Notes	1,247	0	(1,247)	0	0
Total Notes Payable	<u>5,409,570</u>	<u>0</u>	<u>(5,409,570)</u>	<u>0</u>	<u>0</u>
<i>Other Long-Term Obligations:</i>					
Net Pension Liability					
OPERS	3,790,602	0	(821,663)	2,968,939	0
OP&F	10,545,507	0	(231,925)	10,313,582	0
Total Net Pension Liability	<u>14,336,109</u>	<u>0</u>	<u>(1,053,588)</u>	<u>13,282,521</u>	<u>0</u>
Net OPEB Liability					
OPERS	2,683,339	0	(2,683,339)	0	0
OP&F	1,546,280	56,663	0	1,602,943	0
Total Net OPEB Liability	<u>4,229,619</u>	<u>56,663</u>	<u>(2,683,339)</u>	<u>1,602,943</u>	<u>0</u>
Tax Incremental Financing Agreement					
Compensated Absences	667,261	0	(81,192)	586,069	80,000
Total Other Long-Term Obligations	<u>19,952,036</u>	<u>315,216</u>	<u>(4,057,770)</u>	<u>16,209,482</u>	<u>294,471</u>
<i>Total Governmental Activities Obligations</i>	<u><u>\$28,098,189</u></u>	<u><u>\$6,526,611</u></u>	<u><u>(\$9,738,487)</u></u>	<u><u>\$24,886,313</u></u>	<u><u>\$721,425</u></u>

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.

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

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.

In 2020, the City issued \$5,400,000 in bond anticipation notes to help finance the fire station and service garage projects. This \$5,400,000 reflected the long-term portion of the \$6,255,000 note issuance. See Note 12 for the \$855,000 that was reflected as a fund liability. These notes matured on April 15, 2021, and carried an interest rate of 2.625 percent.

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 fifteen 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	\$0	\$0
2033	0	300,000	0
2034	0	310,000	0
2036	0	0	330,000
2037	0	0	340,000
2038	0	0	350,000
2039	0	0	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	\$580,000	\$930,000	\$1,755,000
<i>Stated Maturity</i>	12/1/2032	12/1/2035	12/1/2040

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

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.

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 17 and 18 for additional information related to the net pension/OPEB liabilities.

The City's outstanding OWDA loans from direct borrowings of \$785,132 contains provisions that in the event of default (1) the amount of such default shall bear interest at the default rate from the due date until the date of payment, (2) if any of the charges have not been paid within 30 days, in addition to the interest calculated at the default rate, a late charge of 1 percent on the amount of each default shall also be paid to the OWDA, and (3) for each additional 30 days during which the charges remain unpaid, the City shall continue to pay an additional late charge of 1 percent on the amount of the default until such charges are paid.

The City's outstanding OPWC loan from direct borrowings related to governmental activities of \$95,632 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.

A line of credit has been established with the Ohio Water Development Authority in the amount of \$791,415 for a water project. Since the loan repayment schedule has not been finalized, the repayment schedule is not included in the schedule of debt service requirements. Until the final repayment schedule is available, the City will pay based on estimates. The balance of the Streetsboro Priority Watermain Replacement loan was \$448,587 at year end.

The City's overall legal debt margin was \$48,568,329 at December 31, 2021. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2021, are as follows:

Business-Type Activities:

	General Obligation Bonds		<i>From Direct Borrowings</i>	
			OWDA Loans	
	Principal	Interest	Principal	Interest
2022	\$180,000	\$76,012	\$18,912	\$13,275
2023	180,000	70,613	19,872	12,509
2024	190,000	65,212	20,880	11,704
2025	195,000	59,513	21,939	10,859
2026	205,000	51,712	23,051	9,970
2027 - 2031	1,110,000	149,625	134,031	34,862
2032 - 2034	245,000	7,963	97,860	6,992
Total	<u>\$2,305,000</u>	<u>\$480,650</u>	<u>\$336,545</u>	<u>\$100,171</u>

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

Governmental Activities:

	General Obligation Bonds				<i>From Direct Borrowings</i>
	Serial Bonds		Term Bonds		OPWC
	Principal	Interest	Principal	Interest	Loans
	Principal	Interest	Principal	Interest	Principal
2022	\$415,000	156,350	0	97,950	11,954
2023	430,000	141,900	0	97,950	11,954
2024	445,000	126,900	0	97,950	11,954
2025	460,000	111,350	0	97,950	11,954
2026	480,000	92,950	0	97,950	11,954
2027 - 2031	2,105,000	190,963	285,000	489,750	35,862
2032 - 2036	0	0	1,555,000	356,400	0
2037 - 2040	0	0	1,425,000	108,600	0
Total	\$4,335,000	\$820,413	\$3,265,000	\$1,444,500	\$95,632

Note 14 – Jointly Governed Organizations

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of the collection of income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA’s operation including budgeting, appropriating, contracting and designating management. Each participant’s degree of control is limited to its representation on the council. In 2021, the City paid RITA \$177,100 for income tax collection services.

Note 15 – Contingencies

Litigation

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

Grants

The City received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2021.

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

Note 16 – Risk Management

Property and Liability

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2021, the City contracted with Love Insurance, Incorporated for various types of insurance as follows:

Type of Coverage	Coverage	Deductible
General liability:		
Each occurrence	\$6,000,000	\$0
Annual aggregate	8,000,000	0
Employer's liability	6,000,000	0
Employee benefits liability:		
Each occurrence	6,000,000	0
Annual aggregate	8,000,000	0
Law enforcement officer's liability:		
Each occurrence	6,000,000	5,000
Annual aggregate	8,000,000	5,000
Public officials liability:		
Each occurrence	6,000,000	25,000
Annual aggregate	8,000,000	25,000
Property (building and contents)	19,240,068	1,000
Boiler and Machinery	19,240,068	1,000
Inland marine:		
Special property	1,635,926	1,000
Electronic equipment	108,473	1,000
Media and Data	27,118	1,000
Extra Expense	25,000	1,000
Automobile coverage:		
Liability	6,000,000	500

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

Workers' Compensation

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

Note 17 – Defined Benefit Pension Plans

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

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

The net pension liability (asset) and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions – between an employer and its employee – of salaries and benefits for employee services.

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

Pensions/OPEB are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) 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 these estimates annually.

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

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

The proportionate share of each plan’s unfunded benefits is presented as a *net pension/OPEB asset* or a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 18 for the required OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

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

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
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
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost of living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost of living adjustment on the defined benefit portion of their pension benefit. For those 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.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions, and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the combined plan will be consolidated under the traditional pension plan (defined benefit plan), and the combined plan option will no longer be available for new hires beginning in 2022.

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

	State and Local
2021 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
 2021 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Postemployment Health Care Benefits **	0.0
Total Employer	14.0 %
Employee	10.0 %

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

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

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

For 2021, the City’s contractually required contribution was \$482,510 for the traditional plan, \$19,406 for the combined plan, and \$23,851 for the member-directed plan. Of these amounts, \$46,954 is reported as an intergovernmental payable for the traditional plan, \$1,892 for the combined plan, and \$2,322 for the member-directed plan.

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

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

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

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 July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next 5 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 previously for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

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
2021 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2021 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Postemployment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$821,006 for 2021. Of this amount, \$85,119 is reported as an intergovernmental payable.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the City's defined benefit pension plans:

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.02358800%	0.01578600%	0.15129010%	
Prior Measurement Date	<u>0.02256200%</u>	<u>0.01399000%</u>	<u>0.15654200%</u>	
Change in Proportionate Share	<u>0.00102600%</u>	<u>0.00179600%</u>	<u>-0.00525190%</u>	
Proportionate Share of the:				
Net Pension Liability	\$3,492,869	\$0	\$10,313,582	\$13,806,451
Net Pension Asset	\$0	\$45,568	\$0	\$45,568
Pension Expense	\$88,483	\$832	\$674,294	\$763,609

2021 pension expense for the member-directed defined contribution plan was \$23,851. The aggregate pension expense for all pension plans was \$787,460 for 2021.

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Deferred Outflows of Resources				
Differences between expected and actual experience	\$0	\$0	\$431,143	\$431,143
Changes of assumptions	0	2,846	172,964	175,810
Changes in proportion and differences between City contributions and proportionate share of contributions	141,273	1,065	235,474	377,812
City contributions subsequent to the measurement date	<u>482,510</u>	<u>19,406</u>	<u>821,006</u>	<u>1,322,922</u>
Total Deferred Outflows of Resources	<u>\$623,783</u>	<u>\$23,317</u>	<u>\$1,660,587</u>	<u>\$2,307,687</u>

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Deferred Inflows of Resources				
Differences between expected and actual experience	\$146,110	\$8,597	\$401,786	\$556,493
Net difference between projected and actual earnings on pension plan investments	1,361,418	6,777	500,277	1,868,472
Changes in proportion and differences between City contributions and proportionate share of contributions	32,840	2,755	791,352	826,947
Total Deferred Inflows of Resources	\$1,540,368	\$18,129	\$1,693,415	\$3,251,912

\$1,322,922 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase to the net pension asset in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Year Ending December 31:				
2022	(\$513,848)	(\$3,443)	(\$84,977)	(\$602,268)
2023	(144,610)	(2,253)	23,439	(123,424)
2024	(554,960)	(3,816)	(624,353)	(1,183,129)
2025	(185,677)	(1,874)	(152,808)	(340,359)
2026	0	(906)	(15,135)	(16,041)
Thereafter	0	(1,926)	0	(1,926)
Total	(\$1,399,095)	(\$14,218)	(\$853,834)	(\$2,267,147)

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, 2020, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020, are presented as follows:

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	.5 percent, simple through 2021, then 2.15 percent, simple	.5 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

In October 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.4 percent simple through 2020 then 2.15 simple, to .5 percent simple through 2021 then 2.15 percent simple.

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 previously described tables.

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

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. 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 arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other Investments	9.00	4.75
Total	100.00 %	5.43 %

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

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

Sensitivity of the City’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate The following table presents the City’s proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.2 percent, as well as what the City’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.2 percent) or one percentage point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability (asset):			
OPERS Traditional Plan	\$6,662,666	\$3,492,869	\$857,188
OPERS Combined Plan	(31,730)	(45,568)	(55,882)

Changes between the Measurement Date and the Reporting Date During 2021, the OPERS Board lowered the investment rate of return from 7.2 percent to 6.9 percent along with certain other changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

Actuarial Assumptions – OP&F

OP&F’s total pension liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, 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. Assumptions considered are as follows: 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, 2020, are presented as follows:

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the 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, 2020, are summarized as follows:

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds *	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	<u>125.00 %</u>	

Note: Assumptions are geometric.

* levered 2.5x

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate Net pension liability (asset) is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 8.00 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 (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability (asset)	\$14,357,827	\$10,313,582	\$6,928,957

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

Note 18 – Defined Benefit OPEB Plans

See Note 17 for a description of the net OPEB liability (asset).

Plan Description – Ohio Public Employees Retirement System (OPERS)

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 postemployment 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.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

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 will discontinue 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. These changes are reflected in the December 31, 2020, measurement date health care valuation.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have 20 or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become 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 will change for those retiring after January 1, 2022, with

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

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 later 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 for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, 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 2021, OPERS did not allocate any employer contribution to health care for members in the traditional pension plan and combined plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$9,541 for 2021. Of this amount, \$929 is reported as an intergovernmental payable.

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

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing, multiple-employer defined postemployment 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.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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 2021, 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 \$19,670 for 2021. Of this amount, \$2,031 is reported as an intergovernmental payable.

OPEB Liabilities (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred 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, 2019, rolled forward to the measurement date of December 31, 2020, 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, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. 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:

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

	OPERS	OP&F	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.02396500%	0.15129010%	
Prior Measurement Date	0.02285500%	0.15654200%	
Change in Proportionate Share	<u>0.00111000%</u>	<u>-0.00525190%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$0	\$1,602,943	\$1,602,943
Net OPEB Asset	\$426,956	\$0	\$426,956
OPEB Expense	(\$2,562,413)	\$111,612	(\$2,450,801)

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes of assumptions	\$209,896	\$885,539	\$1,095,435
Changes in proportion and differences between City contributions and proportionate share of contributions	93,607	101,647	195,254
City contributions subsequent to the measurement date	<u>9,541</u>	<u>19,670</u>	<u>29,211</u>
Total Deferred Outflows of Resources	<u>\$313,044</u>	<u>\$1,006,856</u>	<u>\$1,319,900</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$385,325	\$264,400	\$649,725
Changes of assumptions	691,796	255,539	947,335
Net difference between projected and actual earnings on OPEB plan investments	227,402	59,568	286,970
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>20,563</u>	<u>253,264</u>	<u>273,827</u>
Total Deferred Inflows of Resources	<u>\$1,325,086</u>	<u>\$832,771</u>	<u>\$2,157,857</u>

\$29,211 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase to the net OPEB asset in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2022	(\$534,799)	\$28,359	(\$506,440)
2023	(361,168)	42,465	(318,703)
2024	(98,820)	20,226	(78,594)
2025	(26,796)	35,919	9,123
2026	0	15,514	15,514
Thereafter	<u>0</u>	<u>11,932</u>	<u>11,932</u>
Total	<u>(\$1,021,583)</u>	<u>\$154,415</u>	<u>(\$867,168)</u>

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

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 health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior measurement date	3.16 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current measurement date	2.00 percent
Prior measurement date	2.75 percent
Health Care Cost Trend Rate:	
Current measurement date	8.5 percent, initial 3.50 percent, ultimate in 2035
Prior Measurement date	10.5 percent, initial 3.50 percent, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

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

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

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 real rates of

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by OPERS' investment consultant. For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other Investments	9.00	4.02
Total	100.00 %	4.43 %

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. 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 2.00 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 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, 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 Liability (Asset) to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 6.00 percent, as well as what the City's proportionate share of the net OPEB liability (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 (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
City's proportionate share of the net OPEB liability (asset)	(\$106,165)	(\$426,956)	(\$690,671)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability (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 liability (asset). The following table presents the City's proportionate share of the net OPEB liability (asset) calculated using the assumed trend rates, and the City's proportionate share of the expected net OPEB liability (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.

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

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 2021 is 8.50 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.

	Current Health Care Cost Trend Rate		
	1% Decrease	Assumption	1% Increase
City's proportionate share of the net OPEB liability (asset)	(\$437,361)	(\$426,956)	(\$415,313)

Changes between the Measurement Date and the Reporting Date During 2021, the OPERS Board made various changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent
Blended Discount Rate:	
Current measurement date	2.96 percent
Prior measurement date	3.56 percent
Cost of Living Adjustments	2.2 percent simple

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

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 OP&F health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 17.

Discount Rate For 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. For 2019, the total OPEB liability was calculated using the discount rate of 3.56 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.12 percent at December 31, 2020, and 2.75 percent at December 31, 2019, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 2.96 percent for 2020 and 3.56 percent for 2019. 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 (Asset) to Changes in the Discount Rate Net OPEB liability (asset) is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.96 percent, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (1.96 percent), or one percentage point higher (3.96 percent) than the current rate.

	1% Decrease (1.96%)	Current Discount Rate (2.96%)	1% Increase (3.96%)
City's proportionate share of the net OPEB liability (asset)	\$1,998,779	\$1,602,943	\$1,276,425

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

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

Note 19 – Significant Commitments

Contractual Commitments

As of December 31, 2021, the City had the following contract balances for various projects and programs:

	Contract Amount	Amount Paid	Remaining on Contract
Buildings and Improvements	\$101,199	\$16,378	\$84,821
Equipment	47,847	0	47,847
Information Technology	84,823	28,805	56,018
Park Improvements	57,100	0	57,100
Personal Services	445,321	92,300	353,021
Professional Services	1,067,510	618,084	449,426
Roads	2,200,505	1,210,997	989,508
Safety Forces Equipment	100,737	0	100,737
Stormwater	102,775	460	102,315
Total	<u>\$4,207,817</u>	<u>\$1,967,024</u>	<u>\$2,240,793</u>

Remaining commitment amounts were encumbered at year end. Accounts payable of \$34,641 and contracts payable of \$135,978 for governmental activities and contracts payable of \$74,817 for business-type activities have been capitalized.

Encumbrances

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

Governmental Funds		Proprietary Fund	
General	\$1,117,287	Water	<u>\$651,320</u>
General Capital Improvements	1,244,094		
Other Governmental Funds	<u>408,210</u>		
Total Governmental Funds	<u>\$2,769,591</u>		

City of Streetsboro, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2021

Note 20 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency continues. During 2021, the City received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either Federal or State, cannot be estimated.

The City's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

Required Supplementary Information

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

	2021	2020	2019	2018
City's Proportion of the Net Pension Liability	0.02358800%	0.02256200%	0.02326000%	0.02343200%
City's Proportionate Share of the Net Pension Liability	\$3,492,869	\$4,459,532	\$6,370,442	\$3,676,027
City's Covered Payroll	\$3,321,914	\$3,174,450	\$3,141,671	\$3,096,546
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.15%	140.48%	202.77%	118.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%	84.66%

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

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

See accompanying notes to the required supplementary information.

2017	2016	2015	2014
0.02374500%	0.02315900%	0.02401133%	0.02401133%
\$5,392,086	\$4,011,431	\$2,896,035	\$2,830,623
\$3,069,975	\$2,882,450	\$2,943,767	\$3,201,645
175.64%	139.17%	98.38%	88.41%
77.25%	81.08%	86.45%	86.36%

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

	2021	2020	2019	2018
City's Proportion of the Net Pension Asset	0.01578600%	0.01399000%	0.01363800%	0.01441600%
City's Proportionate Share of the Net Pension Asset	\$45,568	\$29,173	\$15,251	\$19,625
City's Covered Payroll	\$69,564	\$62,279	\$58,329	\$59,046
City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	(65.51%)	(46.84%)	(26.15%)	(33.24%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	157.67%	145.28%	126.64%	137.28%

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

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

See accompanying notes to the required supplementary information.

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

	2021	2020	2019	2018	2017
City's Proportion of the Net OPEB Asset/Liability	0.02396500%	0.02285500%	0.02351300%	0.02375000%	0.02416000%
City's Proportionate Share of the:					
Net OPEB Asset	\$426,956	\$0	\$0	\$0	\$0
Net OPEB Liability	\$0	\$3,156,869	\$3,065,541	\$2,579,075	\$2,440,242
City's Covered Payroll	\$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	(11.78%)	91.43%	89.88%	76.67%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	115.57%	47.80%	46.33%	54.14%	54.04%

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

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

See accompanying notes to the required supplementary information.

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

	2021	2020	2019	2018
City's Proportion of the Net Pension Liability	0.15129010%	0.15654200%	0.16451100%	0.16110500%
City's Proportionate Share of the Net Pension Liability	\$10,313,582	\$10,545,507	\$13,428,445	\$9,887,743
City's Covered Payroll	\$3,505,753	\$3,782,755	\$3,685,434	\$3,594,684
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	294.19%	278.78%	364.37%	275.07%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.65%	69.89%	63.07%	70.91%

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

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

See accompanying notes to the required supplementary information.

2017	2016	2015	2014
0.16851200%	0.15311200%	0.15771550%	0.15771550%
\$10,673,380	\$9,849,802	\$8,170,321	\$7,681,240
\$3,470,921	\$3,180,149	\$3,184,013	\$3,100,161
307.51%	309.73%	256.60%	247.77%
68.36%	66.77%	71.71%	73.00%

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

	2021	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.15129010%	0.15654200%	0.16451100%	0.16110500%	0.16851200%
City's Proportionate Share of the Net OPEB Liability	\$1,602,943	\$1,546,280	\$1,498,125	\$9,127,983	\$7,998,886
City's Covered Payroll	\$3,505,753	\$3,782,755	\$3,685,434	\$3,594,684	\$3,470,921
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	45.72%	40.88%	40.65%	253.93%	230.45%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	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. An additional column will be added each year.

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

See accompanying notes to the required supplementary information.

(This Page Intentionally Left Blank)

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

	2021	2020	2019	2018
Net Pension Liability - Traditional Plan				
Contractually Required Contribution	\$482,510	\$465,068	\$444,423	\$439,834
Contributions in Relation to the Contractually Required Contribution	<u>(482,510)</u>	<u>(465,068)</u>	<u>(444,423)</u>	<u>(439,834)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$3,446,500	\$3,321,914	\$3,174,450	\$3,141,671
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net Pension Asset - Combined Plan				
Contractually Required Contribution	\$19,406	\$9,739	\$8,719	\$8,166
Contributions in Relation to the Contractually Required Contribution	<u>(19,406)</u>	<u>(9,739)</u>	<u>(8,719)</u>	<u>(8,166)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$138,614	\$69,564	\$62,279	\$58,329
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Asset/Liability - OPEB Plan (2)				
Contractually Required Contribution	\$9,541	\$9,286	\$8,647	\$8,424
Contributions in Relation to the Contractually Required Contribution	<u>(9,541)</u>	<u>(9,286)</u>	<u>(8,647)</u>	<u>(8,424)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (3)	\$3,823,639	\$3,623,628	\$3,452,904	\$3,410,600
OPEB Contributions as a Percentage of Covered Payroll	<u>0.25%</u>	<u>0.26%</u>	<u>0.25%</u>	<u>0.25%</u>

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

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

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

See accompanying notes to the required supplementary information.

2017	2016	2015	2014	2013
\$402,551	\$368,397	\$345,894	\$353,252	\$416,214
(402,551)	(368,397)	(345,894)	(353,252)	(416,214)
\$0	\$0	\$0	\$0	\$0
\$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%
\$7,676	\$7,662	\$6,045	\$5,470	\$6,237
(7,676)	(7,662)	(6,045)	(5,470)	(6,237)
\$0	\$0	\$0	\$0	\$0
\$59,046	\$63,850	\$50,375	\$45,583	\$47,977
13.00%	12.00%	12.00%	12.00%	13.00%
\$39,879	\$70,872			
(39,879)	(70,872)			
\$0	\$0			
\$3,363,667	\$3,338,700			
1.19%	2.12%			

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net Pension Liability				
Contractually Required Contribution	\$821,006	\$729,646	\$786,144	\$764,695
Contributions in Relation to the Contractually Required Contribution	<u>(821,006)</u>	<u>(729,646)</u>	<u>(786,144)</u>	<u>(764,695)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$3,934,119	\$3,505,753	\$3,782,755	\$3,685,434
Pension Contributions as a Percentage of Covered Payroll	<u>20.87%</u>	<u>20.81%</u>	<u>20.78%</u>	<u>20.75%</u>
Net OPEB Liability				
Contractually Required Contribution	\$19,670	\$17,528	\$18,914	\$18,428
Contributions in Relation to the Contractually Required Contribution	<u>(19,670)</u>	<u>(17,528)</u>	<u>(18,914)</u>	<u>(18,428)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
Total Contributions as a Percentage of Covered Payroll	<u>21.37%</u>	<u>21.31%</u>	<u>21.28%</u>	<u>21.25%</u>

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

See accompanying notes to the required supplementary information.

2017	2016	2015	2014	2013	2012
\$743,858	\$717,951	\$663,390	\$660,029	\$544,208	\$427,464
<u>(743,858)</u>	<u>(717,951)</u>	<u>(663,390)</u>	<u>(660,029)</u>	<u>(544,208)</u>	<u>(427,464)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,594,684	\$3,470,921	\$3,180,149	\$3,184,013	\$3,100,161	\$2,929,747
<u>20.69%</u>	<u>20.68%</u>	<u>20.86%</u>	<u>20.73%</u>	<u>17.55%</u>	<u>14.59%</u>
\$17,973	\$17,354	\$15,901	\$15,921	\$112,122	\$197,758
<u>(17,973)</u>	<u>(17,354)</u>	<u>(15,901)</u>	<u>(15,921)</u>	<u>(112,122)</u>	<u>(197,758)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>3.62%</u>	<u>6.75%</u>
<u>21.19%</u>	<u>21.18%</u>	<u>21.36%</u>	<u>21.23%</u>	<u>21.17%</u>	<u>21.34%</u>

City of Streetsboro
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

Changes in Assumptions – OPERS Pension – Traditional Plan

Amounts reported beginning in 2019 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in previous years are presented as follows:

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

The assumptions related to COLA or Ad Hoc COLA for Post-January 7, 2013 Retirees are as follows:

COLA or Ad Hoc COLA, Post-January 7, 2013 Retirees:

2021	0.5 percent, simple through 2021 then 2.15 percent, simple
2020	1.4 percent, simple through 2020 then 2.15 percent, simple
2017 through 2019	3.0 percent, simple through 2018 then 2.15 percent, simple
2016 and prior	3.0 percent, simple through 2018 then 2.80 percent, simple

Amounts reported beginning in 2017 use 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.

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

City of Streetsboro
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

Changes in Assumptions – OPERS Pension – Combined Plan

For 2021 and 2020, the Combined Plan had the same change in COLA or Ad Hoc COLA for Post-January 2, 2013 retirees as the Traditional Plan. For 2019, the investment rate of return changed from 7.5 percent to 7.2 percent.

Changes in Assumptions – OP&F Pension

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

	Beginning in 2018	2017 and Prior
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increases based on the lesser of the increase in CPI and 3 percent

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

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

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

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

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

City of Streetsboro
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

Changes in Assumptions – OPERS OPEB

Investment Return Assumption:	
Beginning in 2019	6.00 percent
2018	6.50 percent
Municipal Bond Rate:	
2021	2.00 percent
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate:	
2021	6.00 percent
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent
Health Care Cost Trend Rate:	
2021	8.5 percent, initial 3.5 percent, ultimate in 2035
2020	10.5 percent, initial 3.5 percent, ultimate in 2030
2019	10.0 percent, initial 3.25 percent, ultimate in 2029
2018	7.5 percent, initial 3.25 percent, ultimate in 2028

Changes in Assumptions – OP&F OPEB

Blended Discount Rate:	
2021	2.96 percent
2020	3.56 percent
2019	4.66 percent
2018	3.24 percent

Changes in Benefit Terms – OPERS OPEB

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in 2021.

Changes in Benefit Terms – OP&F OPEB

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

OHIO AUDITOR OF STATE KEITH FABER



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

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

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

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2021, 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 7, 2022, wherein we referred to the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the City.

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 purposes 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 7, 2022

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 10/13/2022

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