

THE CITY OF STRONGSVILLE OHIO



Popular Annual Financial Report

For the year ended December 31, 2017

AWARD FOR OUTSTANDING ACHEIVEMEMENT



The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Strongsville for the fiscal year ended December 31, 2016. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a governmental unit must publish a Popular Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The City of Strongsville has received the Popular Award for the last 4 consecutive years (fiscal years ended 2013-2016). We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**City of Strongsville
Ohio**

For its Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO

Dear Citizens of Strongsville...

More than 202 years ago, in February of 1816, John Stoughton Strong and his party of eight from Marlboro, Vermont, settled in the location that is now known as the City of Strongsville.

As the Mayor of the City of Strongsville, I believe that maintaining quality communication with our citizens is the key to a responsive and successful government. With that in mind, it is with great pride and pleasure that I submit to you the City of Strongsville's 2017 Popular Annual Financial Report (PAFR).

The purpose of this PAFR is to provide residents and businesses with pertinent information regarding the city's fiscal operations. The citizens of Strongsville deserve accountability in the use of their tax dollars and this report is distributed as part of my Administration's efforts to achieve that goal. This report includes a condensed presentation of the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ending December 31, 2017. The full report is available on the city's website at www.strongsville.org. As a condensed report, the presentation of financial information in this PAFR does not conform to established generally accepted accounting principles and related reporting standards. However, this simplified version of the financial data does utilize the same basis of accounting as the CAFR for presenting information. The CAFR is a detailed financial report audited by the Office of the Auditor of the State of Ohio and fully conforms to generally accepted accounting principles.

In addition to the presentation of important financial information, this PAFR provides a brief recap of significant accomplishments within the City of Strongsville throughout 2017.

Notable Accomplishments include:

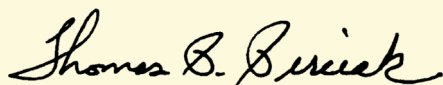
- **Maintained the City's "Aaa" (highest possible) bond rating from Moody's Investor Services.**
- **Received various Federal, State, and County Grants totaling \$1,131,976.**
- **Spent approximately \$3.7 million on roadway projects, concrete construction and asphalt reconstruction.**
- **Replaced nine police vehicles, five pickup trucks with plows, four trailers, an asphalt roller, an asphalt pothole truck, an asphalt pro-patch truck insert, two wheel loaders, a compact wheel loader, two compact track loaders, a compact excavator, four tandems dump trucks with plows, five single axle dump trucks with plows, a skid steer, a backhoe loader, a fire command vehicle and a fire pumper truck.**

As this report details, Strongsville's business base is critical to our community's financial stability. My administration remains dedicated to maintaining a pro-business environment that retains and attracts innovative companies that provide jobs and enhance the quality of life in Strongsville. Our community is home to four thriving business parks containing nearly 200 companies from across the globe and a robust retail/professional services sector that provides needed services to both the residential and business community.

Please visit the city's website at www.strongsville.org to gain additional valuable information. The website is a very helpful tool for both residents and businesses and provides an extensive source of information about all the programs and services the City has to offer.

I assure you we are working hard to make Strongsville a community you are proud to call home. Please know I am privileged to be your Mayor.

Sincerely,



Thomas P. Perciak, Mayor



ECONOMIC DEVELOPMENT - STRATEGY

BUSINESS RETENTION & EXPANSION

The City of Strongsville's Economic Development Department is focused on assisting in the retention and expansion of Strongsville's existing business base.

To that end, in partnership with Ohio State University, the City of Strongsville conducts Business Retention & Expansion (BR&E) surveys designed to acquire further insight into the City's business climate. This information is critical to adjusting the City's policies to encourage further economic development while also fostering long-term positive relationships amongst businesses within the community.

Results from the latest available (2016) survey of Strongsville's Business Parks:

91%

of respondents rated Strongsville as an Excellent/Good place to do business

94%

of respondents would recommend another business to locate in Strongsville

97%

of respondents rated the Strongsville Fire Department as Excellent/Good

88%

of respondents rated the area workforce as Excellent/Good

94%

of respondents rated the overall quality of life in Strongsville as Excellent/Good

ECONOMIC DEVELOPMENT DEPARTMENT WEBPAGE

Highlighting Strongsville's pro-business climate, the Economic Development Department webpage has been redesigned to allow business owners and real estate professionals to quickly access information about:

- The City's Business Parks
- Economic Development Incentives
- Regional Demographics
- Interactive Listings of Available Properties
- Quality of Life Indicators



STRONGSVILLE'S STRATEGIC LOCATION



The City of Strongsville's unique location provides easy access to interstates, airports, and local colleges & universities.

Interstate 71 and the Ohio Turnpike intersect within the City, creating accessibility via the interstates to anywhere in Northeast Ohio.

Distance to Interstate Highways		
Interstate	Mileage	Drive Time
Interstate 71	-	Access in City
Interstate 80 (Ohio Turnpike)	-	Access in City
Interstate 77	8.5	18 mins
Interstate 480	9.7	13 mins
Interstate 90	18	20 mins

Distance to Major Markets		
City	Mileage	Drive Time
Cleveland, OH	20.5	30 mins
Akron, OH	36.2	45 mins
Toledo, OH	109	2 hrs
Columbus, OH	124	2 hrs
Pittsburg, PA	130	2.5 hrs
Detroit, MI	162	3 hrs
Buffalo, NY	213	4 hrs
Cincinnati, OH	226	3.45 hrs
Indianapolis, IN	297	5.15 hrs
Chicago, IL	336	6 hrs

Distance to Airports		
Airport	Mileage	Drive Time
Cleveland Hopkins Int.	9.4	23 mins
Burke Lakefront	21.8	36 mins
Cuyahoga County	39.6	53 mins
Akron-Canton Regional	43.6	1 hr
Port Columbus Int.	126	2.07 hrs

Distance to Colleges & Universities		
School	Mileage	Drive Time
Cuyahoga County Community College	6.5	14 mins
Baldwin Wallace University	7.3	12 mins
Cleveland State University	20.3	29 mins
Case Western Reserve	23.8	36 mins
John Carroll University	28.8	44 mins
Kent State University	35.5	51 mins
The University of Akron	36.2	48 mins
Ohio State University	123	2 hrs
Ohio University	199	4 hrs



COMMUNITY PROFILE - BUSINESS PARKS



Strongsville Business & Technology Park stretches over 1,693 acres and is home to over 70 companies that employ in total over 3,000 individuals.

In 2017, Crain's Cleveland Business Magazine ranked the Strongsville Business & Technology Park as the #1 business/industrial park in terms of size in Northeast Ohio.

Companies located in the Strongsville Business & Technology Park include businesses such as the Swagelok Company, Vitamix, Foundation Software, Clark-Reliance Corp., CCL Design, and Momentive Performance Materials.



Progress Drive Business Park

Progress Drive Business Park was the first park established within the City of Strongsville. Positioned on 325 acres, the park contains over forty companies with over 2,000 employees working in the park.

Large manufacturers such as Atlantic Tool & Die, PPG Industries and Sumitomo DeMag (pictured above) all have facilities within the park.



Dow Circle Research & Development Park

Located in the Northeast corner of Strongsville, Dow Circle is home to some of the city's largest employers, including Akzo Nobel's Global Research and Development Center (pictured above), Enterprise Rental Car's Regional Headquarters, and PNC Bank's Technology Center.

The research park is located on 258 acres of land, with over 30 companies employing more than 2,600 people.



Darice Parkway

Darice Parkway is the newest of Strongsville's business parks. The park is home to 19 different companies that employ nearly 1,000 employees.

The Michael Companies' regional headquarters (pictured above) is located within Darice Parkway along with companies such as Intralot and Dealer Tire.

HOUSING MARKET

In 2017, the average sales price of a Strongsville home was \$216,728, an increase of nearly 10% in value over the previous year.

Strongsville's housing stock provides a multitude of options, from affordable apartments, to multimillion dollar homes. New housing starts have increased each of the past five years, growing from 61 new housing starts in 2013 to 129 new housing starts in 2017.

According to the Cuyahoga County Planning Commission, the City of Strongsville's housing market is one of the strongest in the region.

The entire City falls within the "Healthy" or "Above Average" categories in terms of housing market indicators because of the community's:

- ♦ **Low Residential Vacancy Rate**
- ♦ **Recent Increases in Property Valuation**
- ♦ **Low Poverty & Tax Delinquency Rates**
- ♦ **Low Number of Mortgage Foreclosures & Demolitions**



EDUCATIONAL ATTAINMENT

The City of Strongsville continues to be a leader in attracting and retaining workforce talent.

Among adults, at least 35% of the community's residents have a bachelor's or associate's degree, with 17% having obtained a master's degree or higher.

Only 5% of the community's residents lack a high school diploma, a rate significantly lower than Cuyahoga County as a whole (12%).

From 2010 to 2015, the number of residents with less than a high school diploma or high school diploma alone has decreased within the City of Strongsville by 14.6%. **During the same time period, the number of residents with a master's degree or higher has increased by 20.4%.**



2017/2018 Survey of Strongsville's Residents

Working closely with Ohio State University's Business Retention and Expansion Initiative and the Strongsville Residential Survey Subcommittee, the **Strongsville in Dialogue: A Survey of Local Residents** determined the value Strongsville residents place on available amenities and services, as well as their overall assessment of the community's quality of life.

The results indicate:

92% of residents rated the Quality of Life in Strongsville as Good/Excellent

88% of residents indicated they would recommend Strongsville as a place to live

87% of residents rated the Police Department as Good/Excellent

86% of residents rated the Strongsville Fire & Emergency Services Department as Good/Excellent

The Top four reasons given for living in Strongsville were:

- Safe Environment
- Quality of Housing
- Quality of Schools
- Access to Family

Residents rated the following City Services/ Amenities as high in quality:

- Healthcare Services
- Snow/Ice Removal
- Strongsville Recreation Center
- Access to Air Service



David Civittolo, Associate Professor & Community Economics Specialist at Ohio State University, adds an expert's insight on Strongsville's survey process:

"Strongsville leaders innovatively used the Ohio Community Economics Program to better understand the residents' sentiments toward community quality of life issues and amenities. The survey results should be very useful to local leaders as they allocate resources to support the services and amenities most desired by residents."



COMMUNITY PROFILE - AMENITIES



Strongsville's recreation center is a state of the art facility with amenities that include:

- Aquatic Center with a competition & activity pool, steam & sauna rooms, and a whirlpool
- Adult & Youth Strength Training Centers
- Main & Auxiliary gymnasiums
- Cardio Exercise Area
- Indoor Track
- Child care services
- Aerobic/Activity Studios
- Event Center
- Conference/Meeting/Party rooms



The City of Strongsville is one of the premier entertainment destinations in the area with first-rate retail and dining options for all ages.

SouthPark Mall contains the largest collection of retail, dining, and entertainment establishments in northern Ohio with over 1.65 million square feet of retail & dining activities.

Other shopping centers within Strongsville include:

- The Greens of Strongsville (325,000 square feet)
- The Plaza at Southpark (312,000 square feet)
- Strongsville Towne Center (124,000 square feet)



The Strongsville School District is one of the area's elite school systems:

- Student college admission test scores above State and National averages
- 92% of students complete the college core curriculum
- Excellent facilities, including the new Strongsville Middle School and renovated Strongsville High School
- 79% of the district's faculty having a master's degree or higher
- A diverse curriculum, encompassing general & special needs, gifted, advanced placement and honors courses, as well as a strong array of extracurricular and sports programs



Strongsville is an active community and home to:

- Strongsville Community Band & Theater
- The Strongsville Business Expo
- The Arts of Strongsville
- Homecoming Festivals
- Winter Wonderland Festivals
- Harvest Festivals
- Fourth of July Fireworks
- Strongsville Rib-Burnoff
- The Taste of Strongsville

Strongsville Safety Forces A Regional Leader

Strongsville Fire & EMS

- Regional equipment hub
- Classroom instructors teach
 - ◊ Basic life support
 - ◊ Pediatric advanced life support
 - ◊ Advanced cardiac life support
- Fire headquarters training tower—regional hub for training
- Active role in regional hazmat, fire investigation unit, technical rescue, & more
- Mutual aid agreements for fire and emergency medical services with surrounding communities



Southwest Emergency Dispatch Center

- Member communities:
 - ◊ Strongsville
 - ◊ North Royalton
 - ◊ Olmsted Falls
 - ◊ Berea
 - ◊ Brook Park (effective Nov. 2018)
- Highest suburban call capacity in Cuyahoga County, serving approximately 120,000 residents
- Answered 18,385 calls in 2017



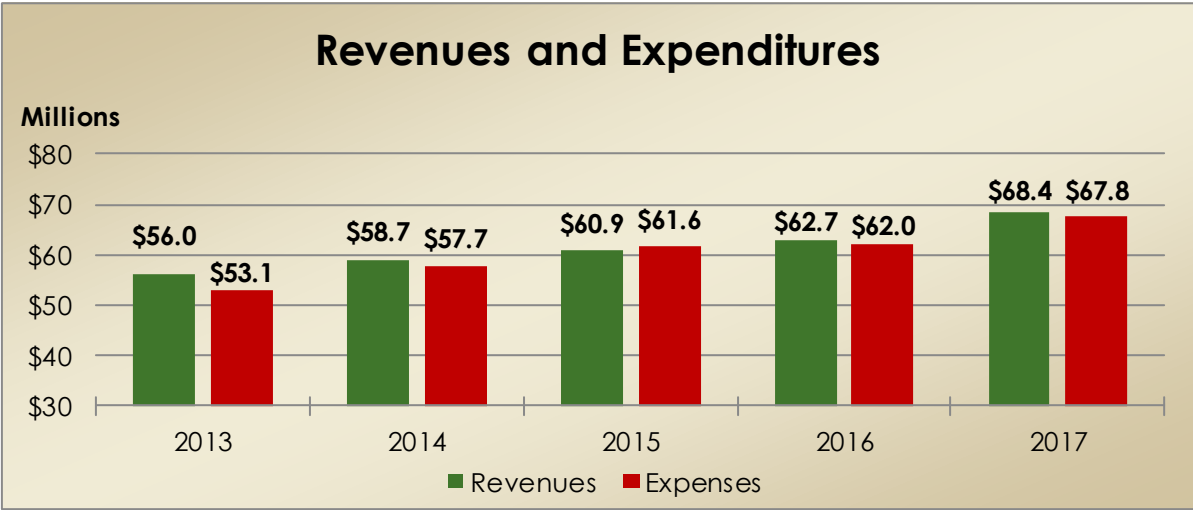
Strongsville Police

- Regional jail: supports 11 surrounding communities; allows our officers to be out protecting our residents and businesses, rather than driving prisoners to neighboring communities
- Active role in Southwest Enforcement Bureau & Detective Bureau

TOTAL PRIMARY OPERATING FUNDS

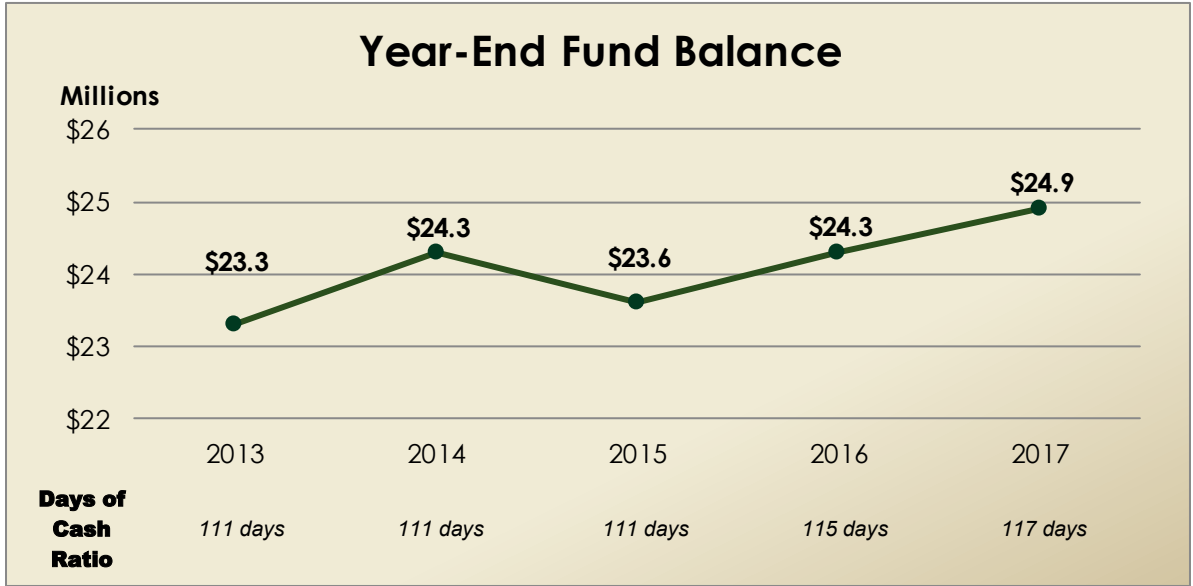
REVENUES & EXPENDITURES

The General Fund is the main operating fund of the City. All revenues and expenditures not accounted for in other designated funds are recorded in the General Fund. To better understand the overall financial position of the City, it is important to take into account, not only the General Fund, but the other operating funds which the General Fund supports through transfers. These primary operating funds include the Police Pension Fund, Fire Pension Fund, Street Construction, Maintenance and Repair Fund, Multi-Purpose Complex Fund, Fire Levy Fund, Earned Benefits Fund, Health Insurance Reserve Fund and Workers' Compensation Reserve Fund. The tables below give an overview of the primary operating funds for the fiscal year ending 12/31/2013 - 12/31/2017. For further detailed information, please see the City's CAFR, available on the City's website. In four of the last five years, the City has been able to cover the expenditures in those funds with its available revenues. In 2015, expenditures exceeded revenues due to the fiscal year having 27 pay periods instead of 26.



YEAR-END FUND BALANCE

The charts on this page reflect the City's diligent efforts to provide our citizens with a safe community that provides the amenities they deserve, while maintaining a balanced budget with reasonable reserves. These efforts have resulted in the City receiving the highest possible rating (Aaa) from Moody's Investors Service, a nationally recognized rating agency. Adequate reserves also provide the City with the financial flexibility to pursue both grant (most have a local matching requirement) and economic development opportunities (they often require incentives) that may arise. Sufficient reserves also help to insulate the City from potential downturns in the economy and provide a buffer for unforeseen events. An important indicator of the health of the City's operating funds is the days cash ratio. This ratio measures how many days the City could continue to pay its bills without receiving any additional revenue. At the end of 2017 the days cash ratio is 117 days. Over the last five years, the ratio has averaged 113 days.



NET POSITION

The Statement of Net Position in the City's CAFR presents information on all of the City's assets, deferred outflows of resources ^[1], liabilities and deferred inflows of resources ^[2] with the residual being reported as net position, on a GAAP basis. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The table below adjusts the City's reported Net Position to not include the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. This was done to gain a clearer understanding of the City's actual financial condition in a historical context. To find more information on the implementation of GASB Statement No. 68, and its effects on the City's financial statements, please see the City's CAFR, available on the City's website.

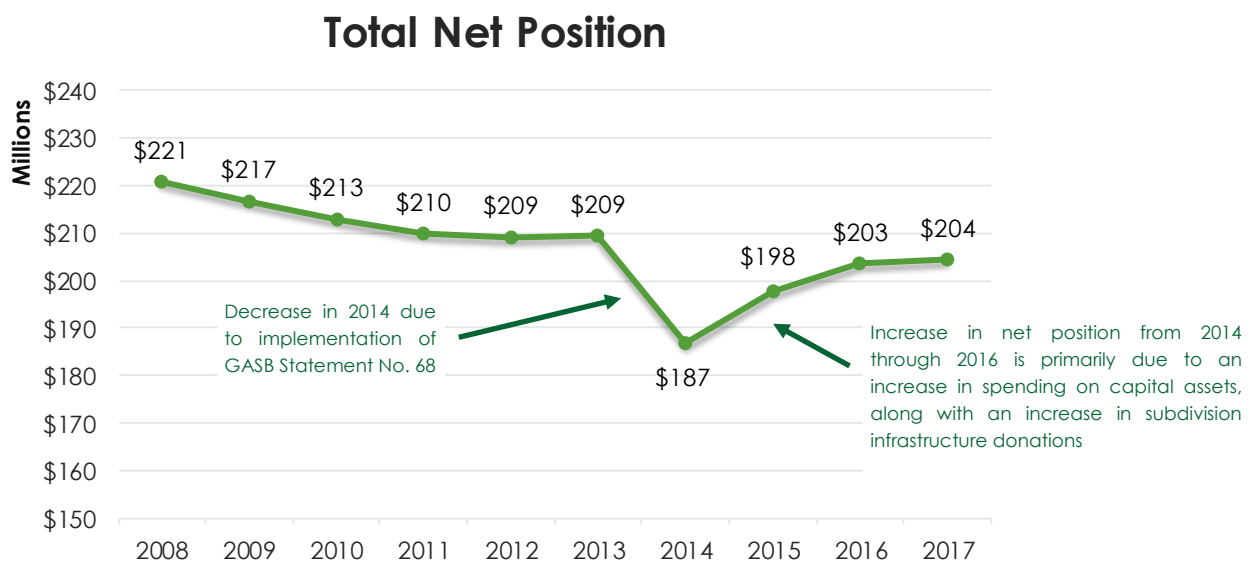


		2016	2017
	Total Net Position	\$ 203,450,392	\$ 204,331,669
Add:	Net Pension Liability	52,821,477	56,371,100
Add:	Deferred Inflows ^[2] - Pension	616,496	1,136,411
Subtract:	Net Pension Asset	(33,030)	(41,744)
Subtract:	Deferred Outflows ^[1] - Pension	(15,106,037)	(14,510,966)
	Net Position, without pension	\$ 241,749,298	\$ 247,286,470

[1] - Deferred outflows of resources represent a use of net position that will apply to a future reporting period.

[2] - Deferred inflows of resources represent an acquisition of net position that will apply to a future reporting period.

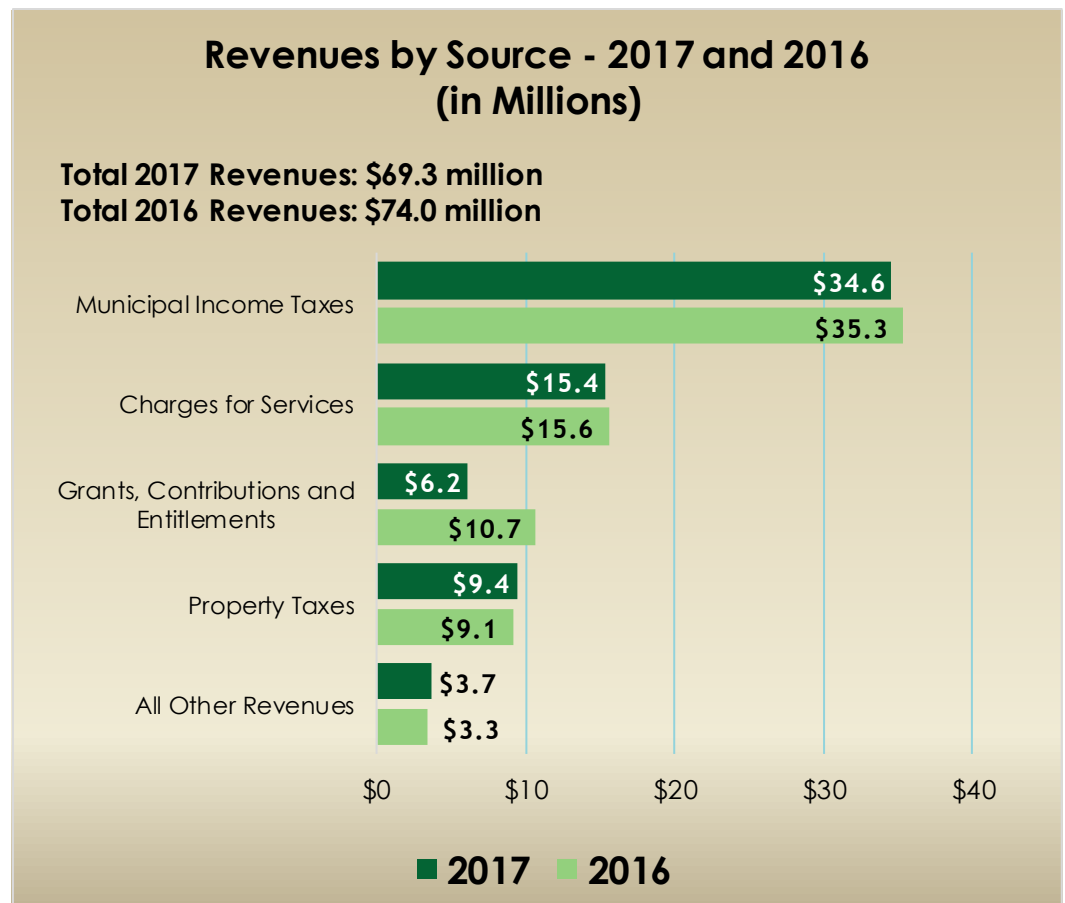
The chart below shows the changes in the City's Net Position for the past ten years. The drop in 2014 is due to the implementation of GASB Statement No. 68.



Municipal Income Taxes	Income taxes are levied on salaries, wages and other compensation earned by both City residents and nonresidents working in the City. This tax also applies to the net income of businesses within the City. This has historically been the City's largest source of revenue. The diverse range of stable businesses within the City generates a steady stream of income tax. Income tax decreased by about 2% in 2017.
Charges for Services	These represent charges to customers for goods and services provided by the City. These include building permits and fees, ambulance fees, regional dispatch fees, sewer fees, court fines and recreation center memberships and fees. Charges for services decreased by 1.38% in 2017 to \$15.4 million.
Grants, Contributions and Entitlements	These include amounts provided to the City by other governments or organizations, and donations to the City. Total grants, contributions, and entitlements decreased from \$10.7 million in 2016 to \$6.2 million in 2017, a decrease of 43%. This decrease was mostly due to a decrease in a federal grant for the paving of Pearl Road, as well as a reduction of \$3.7 million in infrastructure donated by developers.
Property Taxes	Property taxes are levied against the value of land, buildings, and tangible personal (used in business) property located in the City. Property tax revenue in 2017 was \$9.4 million, an increase of 3% from 2016. This increase was mostly due to a modest increase in property values.
All Other Revenue	All other revenues include investment income, payments in lieu of taxes, and other miscellaneous revenues collected by the City. These revenues account for approximately 5% of the City's total revenue.

SUMMARY

As the chart to the right shows, there was an overall decrease of 6% in revenues from 2016 to 2017, mostly due to the decrease in grants, contributions, and entitlements, as noted above.



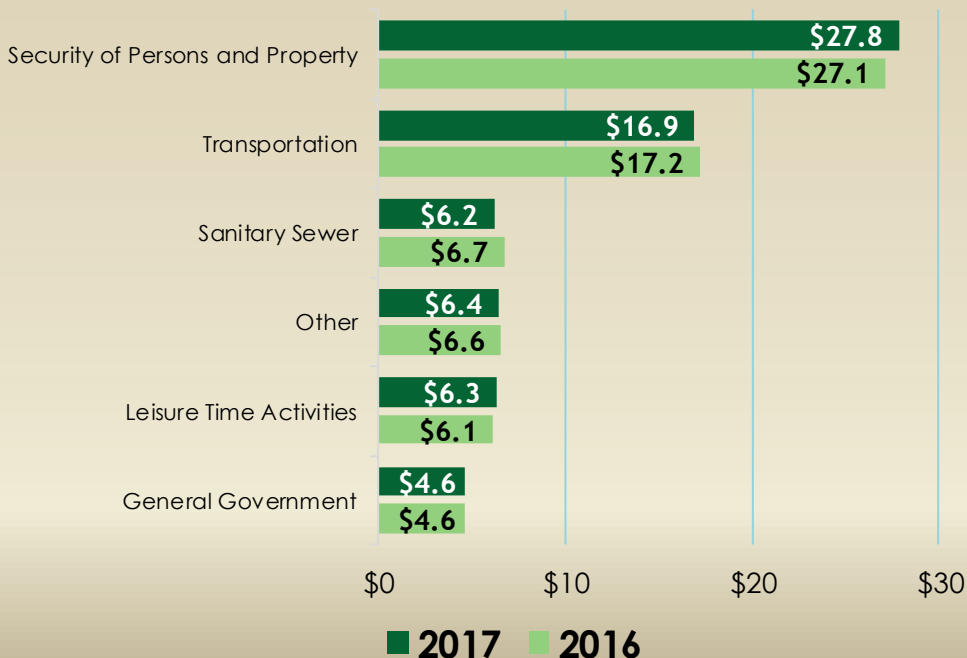
For more detailed information on the City's revenues, please see the City's CAFR, available on the City's website.

EXPENSES

Security of Persons and Property - (Police, Fire, and Dispatch)	These expenses relate to police and fire protection. Due to the City's emphasis on safety, this expense category has historically been the largest category within the City. Security of person's and property expenses were \$27.8 million in 2017, an increase of 3% from 2016. This was generally due to a 2% negotiated wage and benefit increase.
Transportation - (Streets and Infrastructure)	These expenses are associated with maintenance of roads within the City. Depreciation expense accounted for \$6.7 million, or 39.6%, of the \$16.9 million spent. Depreciation is the current year's portion of the cost of streets and other infrastructure. Transportation expenses decreased by 1% from 2016 to 2017.
Sanitary Sewer - (Sewer Plants and Sewer Lines)	These expenses are associated with the operation of the City's sanitary sewer system, which includes two treatment plants and maintenance of sanitary sewer lines. Sanitary sewer expenses of \$6.2 million decreased by 8% from 2016 due to a decrease in contractual services.
Other - (Interest and Fiscal Charges, Drainage, Rubbish, Economic Development and Building Inspection)	Other includes expenses for interest and fiscal charges on the City's debt, basic utility services (includes drainage and rubbish pickup) and community environment (includes the building and economic development departments). All other expenses of \$6.4 million in 2017 decreased by 2% from 2016, primarily due to a decrease in interest paid on the City's debt.
Leisure Time Activities - (Recreation and Parks)	These expenses are associated with recreational services and programs, the aquatic center, gymnasiums, indoor track, the senior center and parks located throughout the City. Salaries and wages along with fringe benefits are the largest expense of this category. Leisure time activities expenses increased by 3% in 2017 to \$6.3 million.
General Government - (Mayor, Council, Finance, HR, Law, Communication & Technology and Mayors Court)	These expenses reflect the cost of running the City and providing support services to other City departments and activities. General government expenses of \$4.6 million in 2017 changed little from the prior year.

Expenses by Program - 2017 and 2016 (in Millions)

Total 2017 Expenses: \$68.2 million
Total 2016 Expenses: \$68.3 million

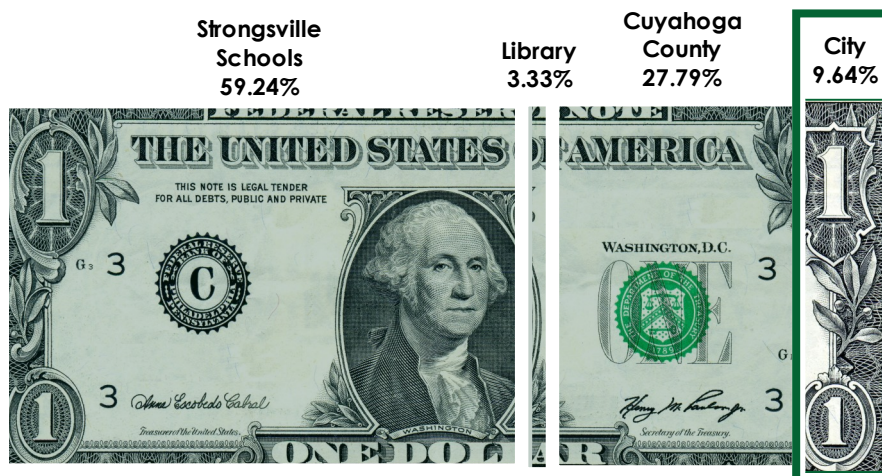


SUMMARY

Based on the chart to the left, total expenses decreased slightly from 2016 to 2017. Changes in the different types of program expenses are described above.

For more detailed information on the City's expenses, please see the City's CAFR, available on the City's website.

RECIPIENTS OF PROPERTY TAX COLLECTIONS



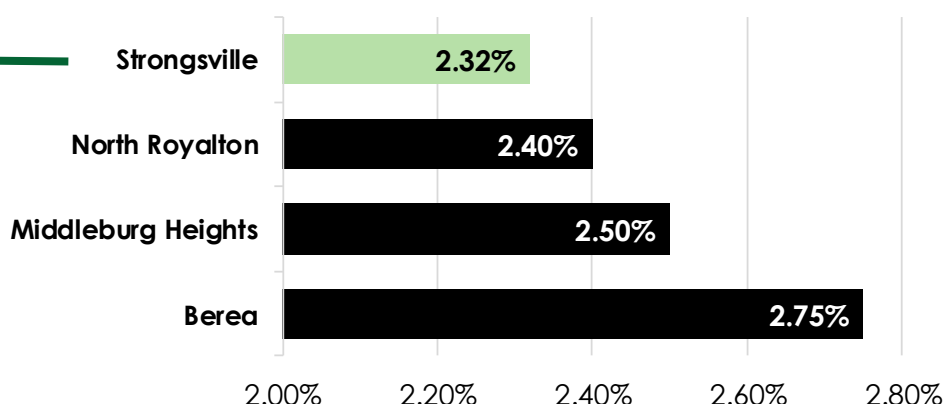
As you can see from the figure to the left, only a small portion of the property taxes a citizen pays actually supports the City. The majority of the property tax revenues supports the Strongsville City School District, followed by support for County functions. The percentages calculated were based on the effective residential rates.

A homeowner in Strongsville will pay 2.32% of market value of their home in property taxes.

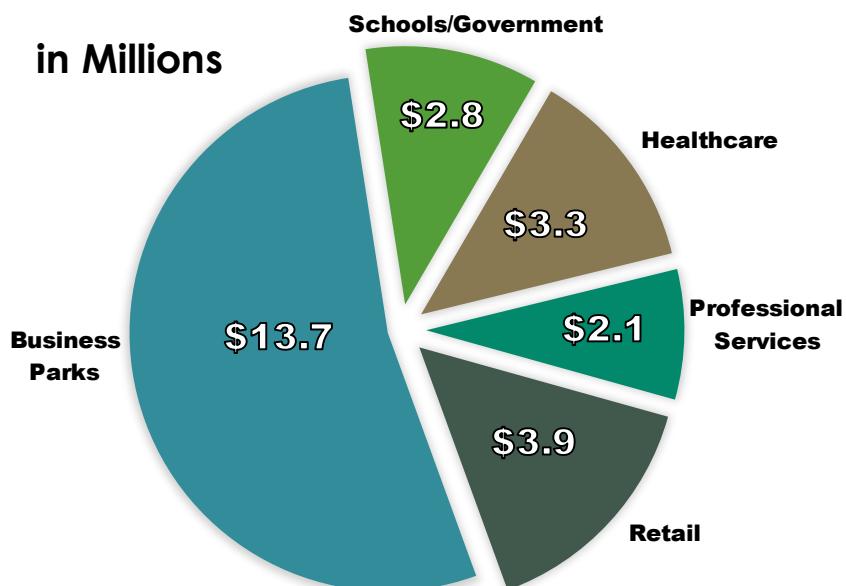
For example, taxes for a \$100,000 house in Strongsville:

$\$100,000 \times 2.32\% = \$2,320$ annual property taxes.

Comparative Property Tax Rates (Tax Year 2017, Collection 2018)

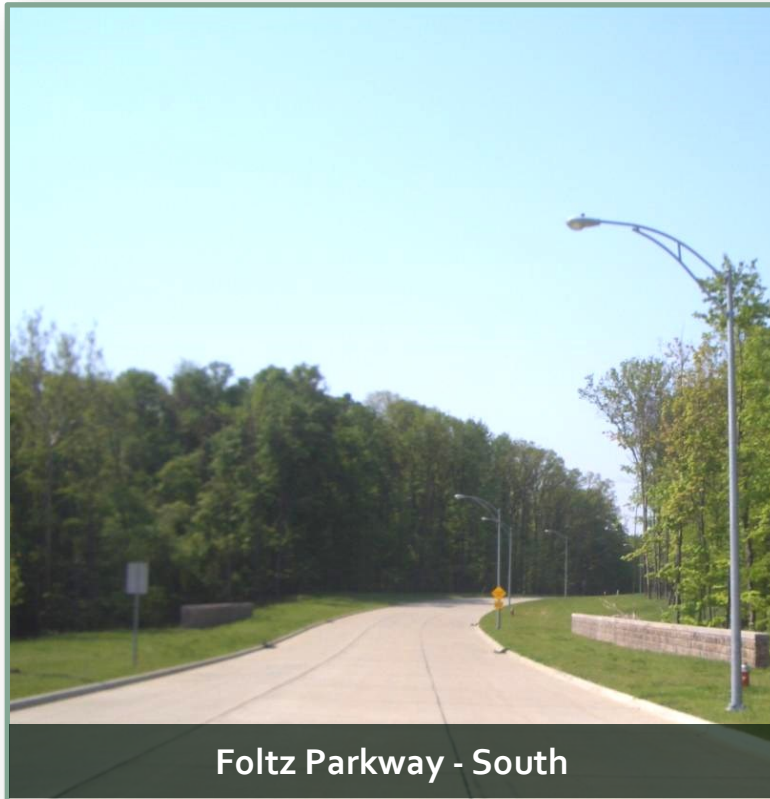


BUSINESS INCOME TAX COLLECTIONS

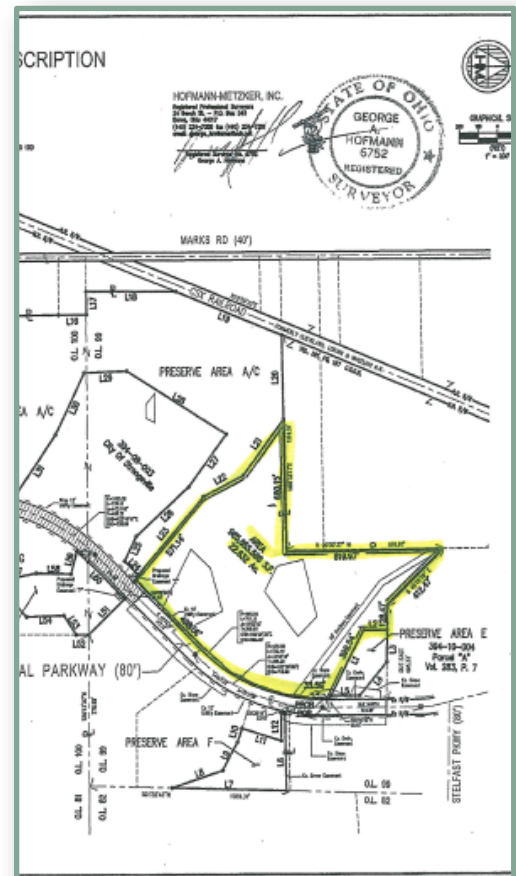


The City's income tax rate for 2017 was 2%. We treated taxes from withholding and on the net profits of businesses as business income collections. In 2017 the city collected about \$25.8 million in business income taxes. The graph to the left reflects our best estimate of the sources of the City's business income tax collections based on a review of our 300 largest withholding accounts in 2016. As one can see, a large percentage of our business income tax is generated by the business parks within the City. The City's economic development activities focus on the retention and expansion of industries in our business parks.

CITY LAND AVAILABLE IN THE BUSINESS & TECHNOLOGY PARK



Foltz Parkway - South



THE STRONGSVILLE BUSINESS & TECHNOLOGY PARK - SITE DETAILS

- 22.6 Acres of Shovel-Ready General Industrial Land owned by the City of Strongsville
- Classified as Greenfield with all Utilities Available On-Site, including Fiber Optics
- Eligible for 100% Property Tax Abatement for a Term of up to 15 Years & Potential Job Creation Income Tax Grants
- Located approximately 5 miles from I-71 and the Ohio Turnpike & 9.4 miles from Cleveland Hopkins International Airport

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