

The City of Strongsville



Popular Annual Financial Report

For the year ended December 31, 2016

Dear Citizens of Strongsville...

More than 200 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 2016 Popular Annual Financial Report.

The purpose of this Popular Annual Financial Report (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 fiscal year ending December 31, 2016, available at 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 2016.

Notable Accomplishments include:

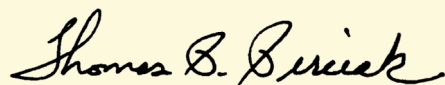
- **Maintained the City's "Aaa" (highest possible) bond rating from Moody's Investor Services.**
- **Opened the Nurse Clinic, which was made possible through a partnership between Southwest General Hospital and the City. It is staffed by a Nurse Practitioner at no cost to the City, and provides convenient, on-site treatment for employees, members of the recreation center and residents of Strongsville (see page 7).**
- **Spent approximately \$3.3 million on roadway projects, concrete construction and asphalt reconstruction.**
- **Replaced four leaf vacs, a leaf vac with a tow-behind leaf collector, nine inspector jeeps, two senior vans, a pickup truck with a plow, four police vehicles, a police motorcycle, ambulance, tractor, sweepster, five trailers and an excavator, for a total cost of \$1,269,243.**

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. In total, 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



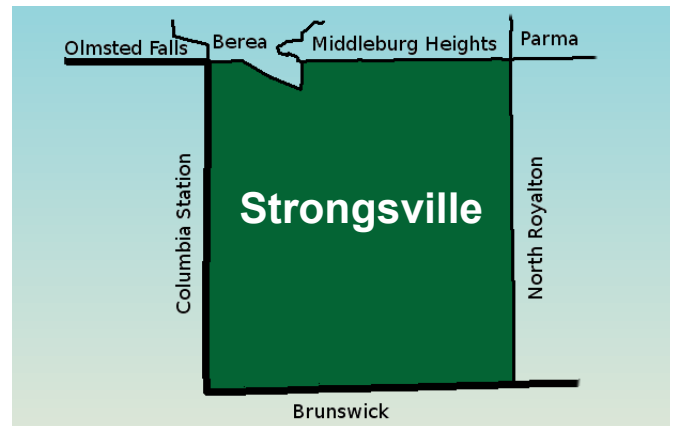


FOUNDING OF STRONGSVILLE

In the early 1800's, lands in northeastern Ohio belonging to the state of Connecticut, known as the "Western Reserve", began to attract emigration from Connecticut, Vermont and other parts of New England. These lands were sold by the state to the Connecticut Land Company and parceled out among the members of the organization. Township No. 5, in the 14th range, fell to the ownership of Oliver Ellsworth of Hartford. The land was inherited by his sons, William W. and Henry L. of Windsor & Hartford, Connecticut.

In early 1816, John Stoughton Strong led a group of 9 individuals to split the land into 100 plots of 160 acres each. Mr. Strong was to purchase 7 lots, act as an agent to sell 21 other plots, and cut a "good and sufficient road" through the center of the township, per his contract with the Ellsworths.

Mr. Strong was a leading entrepreneur of the settlement. He sought to bring people with skills into the area, such as a town doctor, following the death of the original town's doctor, Strong's son-in-law. He built the area's first gristmill and sawmill. Strong died in 1863 at 92 years of age. He will be remembered as one of the pioneers of the Western Reserve, particularly of the township that bears and perpetuates his name.



According to the United States Census Bureau, the City has a total area of 24.64 square miles (63.82 km²), of which 24.63 square miles (63.79 km²) is land and 0.01 square miles (0.03 km²) is water. The east branch of the Rocky River enters Strongsville from North Royalton and exits into Berea. Valley Parkway parallels the river's northwesterly course. This portion of the Cleveland Metroparks, named Mill Stream Run, includes Bonnie Park. Abutting the Rocky River, the recreation area offers visitors a pavilion, picnicking facilities, two small ponds, and several sport fields. Bonnie Park serves as a hub for hiking, bridle, and paved multi-purpose trails.

Mr. Strong sought to bring people with skills into the area. Strongsville continues this tradition in attracting quality manufacturers and high-tech businesses.



BUSINESS RETENTION & EXPANSION

The number one goal of the City of Strongsville's Economic Development Department is to assist 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 entities within the community.

Results from the latest available (2015) 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%

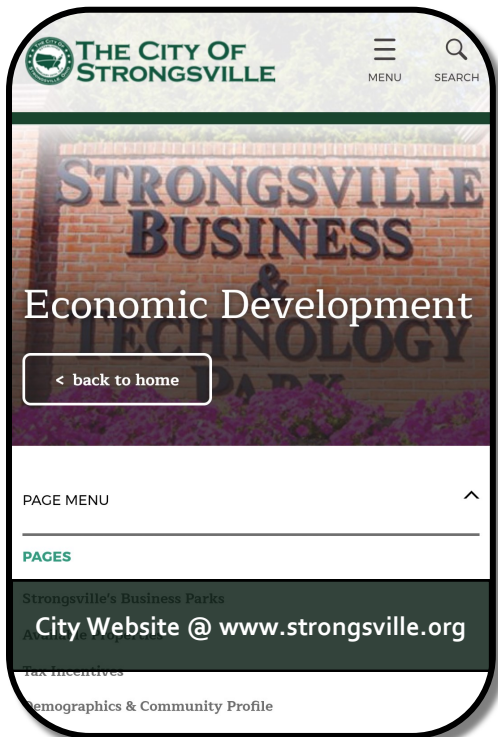
of respondents rated the Strongsville Fire Department as Excellent/Good

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 and Development Incentives
- Region Demographics
- Interactive Listing of Property and Buildings Available for Purchase or Lease

★ CITY OF STRONGSVILLE ★



Access to the Ohio Turnpike and Interstate 71 within City limits

Government Type: Mayor/Council-City Charter

City Population: 44,631

Police: 71 Police and 23 School Guards

Fire: 61 Firefighters - 59 paramedic qualified

Nearest Major City: Cleveland

Educational Facilities:

1 Public High School (1,993 students)

1 Public Middle School (1,322 students)

5 Public Elementary Schools (2,046 students)

1 Parochial Elementary School (734 students)

Vocational School - Polaris Career Center

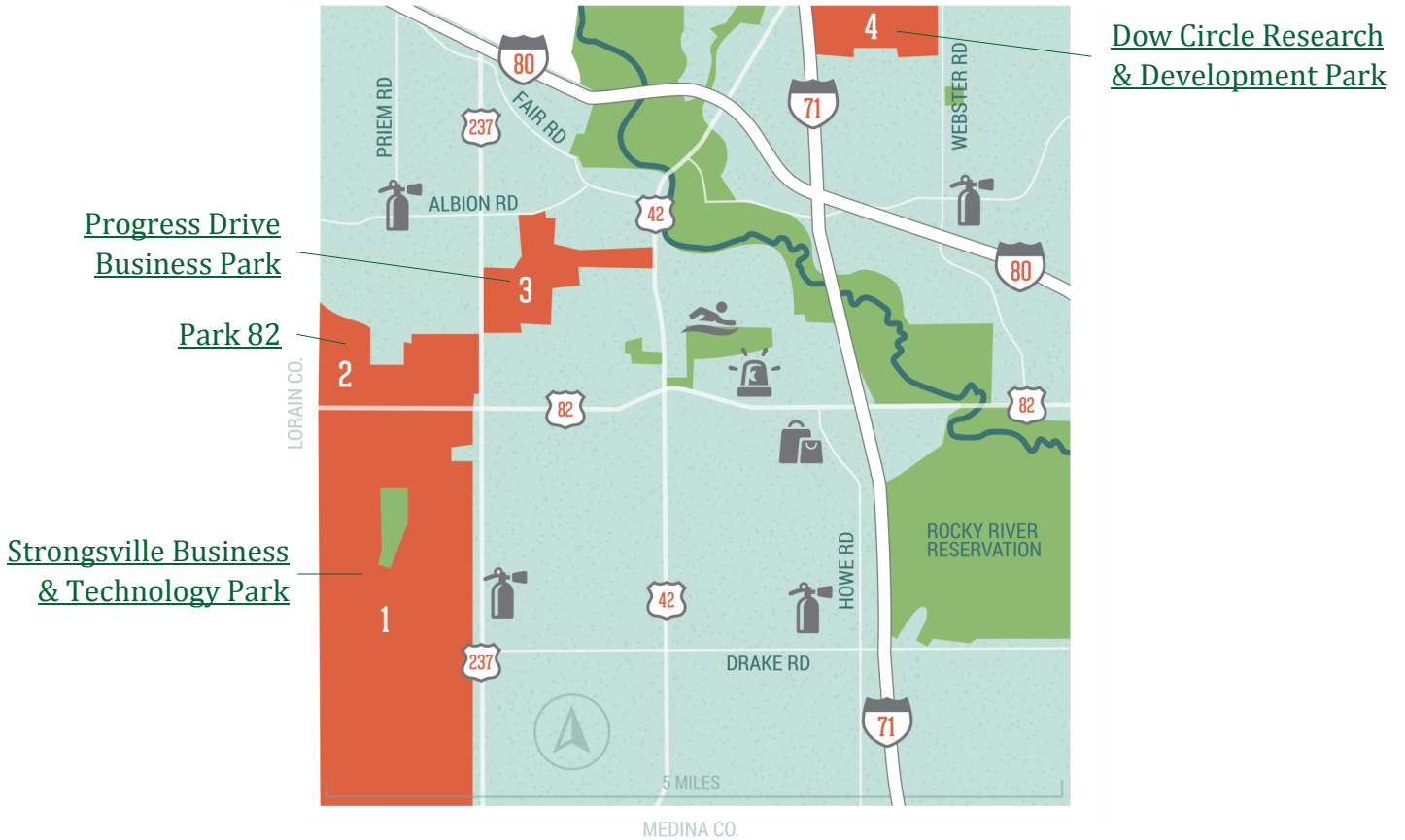
(868 students - serves six districts)

DISTANCE TO SIGNIFICANT LOCATIONS

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	3.75 hrs
Indianapolis, IN	297	5.25 hrs
Chicago, IL	336	6 hrs
Airports		
Airport	Mileage	Drive Time
Cleveland Hopkins Int.	10.2	10 mins
Burke Lakefront	21.4	31 mins
Cuyahoga County	34.8	50 mins
Akron-Canton Regional	36.2	47 mins
Port Columbus Int.	126	2 hrs

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
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

STRONGSVILLE BUSINESS PARKS








Dow Circle Research & Development Park

Progress Drive Business Park

Park 82

Strongsville Business & Technology Park

-  FIRE STATION
-  REC CENTER
-  POLICE DEPT
-  SOUTHPARK MALL
-  METROPARKS

1. Strongsville Business & Technology Park

- 1,693 acres
- 3,617,028 SF of Build-Out
- **Over 70 companies; 3,000 employees**

2. Park 82

- 86 acres
- 1,425,130 SF of Build-Out
- **15 companies; 1,000 employees**

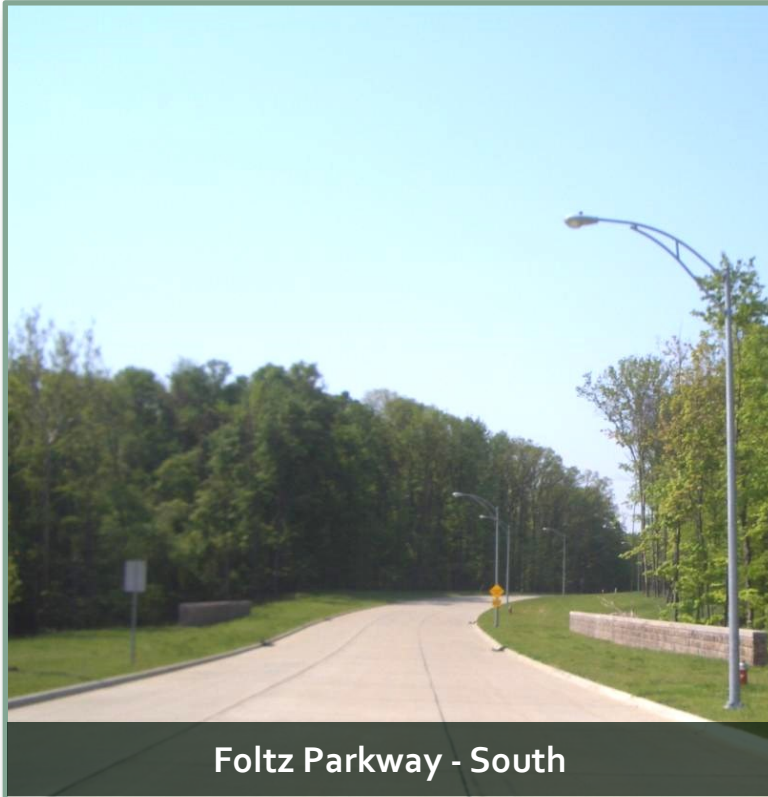
3. Progress Drive Business Park

- 325 acres
- 1,508,326 SF of Build-Out
- **Over 40 Companies; 2,000 employees**

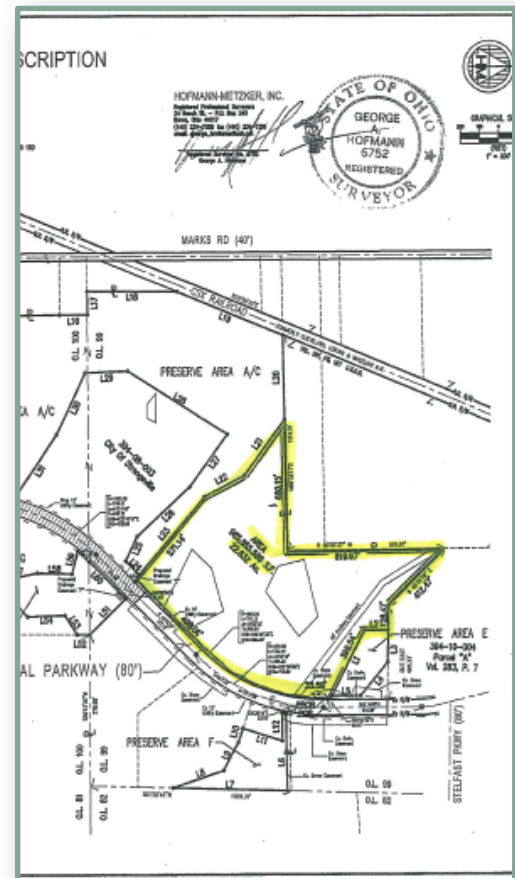
4. Dow Circle Research & Development Park

- 258 acres
- 972,812 SF of Build-Out
- **Over 30 companies; 2,600 employees**

97% of the Business Parks are Occupied



Foltz Parkway - South



THE STRONGSVILLE TECHNOLOGY PARK

SITE DETAILS

- 22.6 Acres of Shovel-Ready General Industrial Land owned by the City of Strongsville
- Classified as Greenfield with Utilities On-Site
- Eligible for 100% Property Tax Abatement for a Term of up to 15 Years
- Located approximately 5 miles from I-71 and the Ohio Turnpike & 11 miles from Cleveland Hopkins International Airport

Brent Painter, Director of Economic Development – (440) 580-3118

brent.painter@strongsville.org

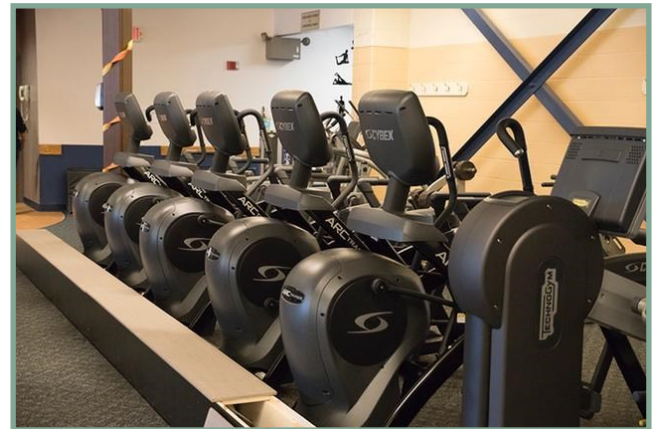
EHRNFELT RECREATION AND SENIOR CENTER

- More than 600 pieces of brand-new, state of the art equipment, including Technogym treadmills, ellipticals, bikes, rowing machines, Gravitron and much more. All cardio equipment comes with TV and web integrated consoles
- Aquatic center with slide, pirate ship and 8 lane competition pool
- Sauna, steam room and 24-person whirlpool
- Gymnasium with 3 full size basketball courts, which can also be used for volleyball, and an indoor elevated track.
- Free weight room plus more than 40 pieces of strength training equipment, including Pure Strength weight training equipment, Technogym, Hammer Strength, Life Fitness and Cybex.
- Game area with pool tables, ping pong, video games, air hockey and more
- Tot room with free child care, for members, while you work out, swim, take a class or relax
- 76 group exercise classes a week, including Pilates, yoga, TRX, spinning, CrossFit and more



“The City is not only concerned about the health and wellness of its employees, but of the greater community of Strongsville as well.”

**- Human Resources
Director Steve Kilo**



Nurse Clinic services are covered by most major insurance providers

Treating patients three years old and up

Colds & flu • Ear infections • Skin conditions • Sprains •
Minor wounds & abrasions • Bladder infections and more

No appointment necessary

Ehrnfelt Recreation and Senior Center
18100 Royalton Rd
Strongsville, OH 44136



Patients do not need to be a member of the Strongsville Recreation Center to use the Nurse Clinic.

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



Southwest Emergency Dispatch Center

- Member communities:
 - ◊ Strongsville
 - ◊ North Royalton
 - ◊ Olmsted Falls
 - ◊ Berea
- Highest suburban call capacity in Cuyahoga County, serving 100,000 residents
- Answered 18,448 calls in 2016



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

REVENUES

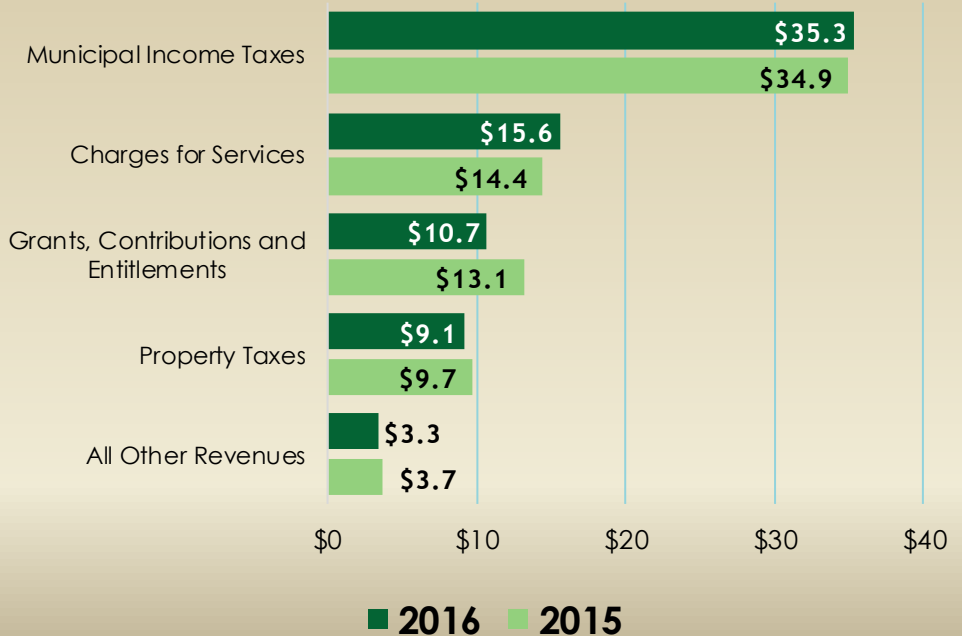
Municipal Income Taxes	Income taxes are levied on salaries, wages and other compensation earned by the City's residents and the earnings of nonresidents working in the City. This has historically been the City's largest source of revenue. The diverse range of stable businesses within the City generates a steady stream of income tax. Income tax earned in 2016 was \$35.3 million, an increase of 1% from 2015.
Charges for Services	These represent charges to customers for goods and services provided by the City, including building permits, sewer charges, fines, and recreation center memberships and fees. Changes for services increased by 8% in 2016 to \$15.6 million, primarily due to the addition of new customers being added to the City's sanitary sewer system from the ongoing efforts to eliminate septic systems throughout the City.
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 \$13.1 million in 2015 to \$10.7 in 2016, a decrease of 18%. This was due to a decrease in the amount recorded for infrastructure donations from developers of \$3,285,368 and a decrease in capital contributions from special assessments of \$314,756 as a result of the West 130th St./Webster Rd. project being completed in 2015. This was partially offset by an increase in capital grants from the Pearl Rd. resurfacing project of \$1,567,450.
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 2016 was \$9.1, a decrease of 5 percent from 2015, due to the library levy being paid off 5 years early.
Other	All other revenues include investment income, payments in lieu of taxes, and other miscellaneous revenues collected by the City. These revenues account for only 5% of the City's total revenue.

SUMMARY

As the chart to the right shows, as a whole revenues remained fairly consistent from 2015 to 2016, with an overall decrease of 2%, mostly due to the decrease in grants, contributions, and entitlements, noted above.

Revenues by Source - 2016 and 2015 (in Millions)

Total 2016 Revenues: \$74,048,657
Total 2015 Revenues: \$75,818,766

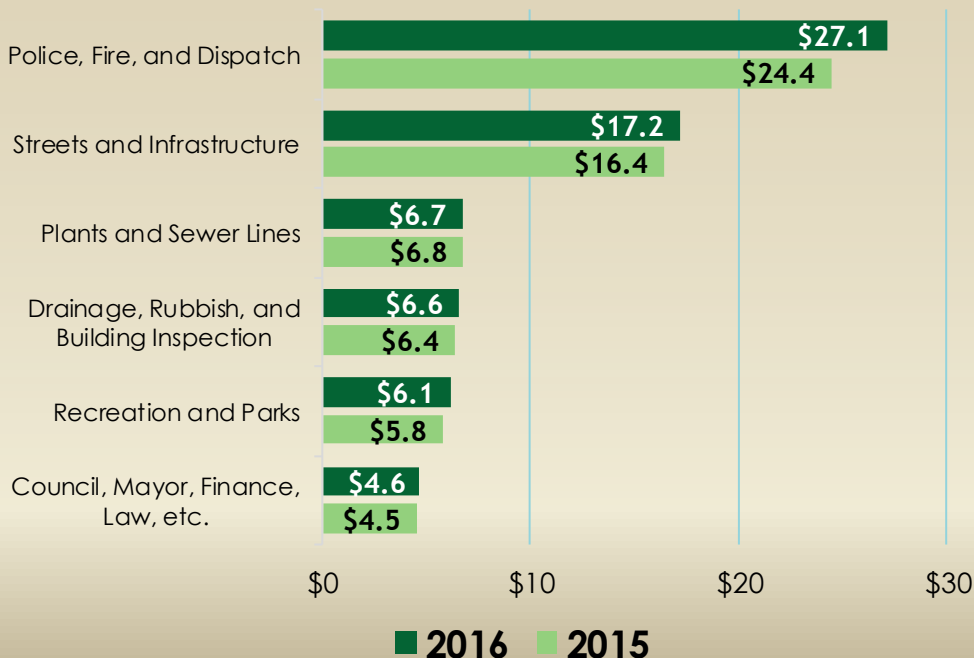


For more detailed information on the City's revenues, please see the City's CAFR, available on the City's website.

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 expense category within the City. Security of persons and property expenses were \$27.1 million in 2016, an increase of 11% from 2015. This was due to additional costs associated with the City's regional dispatch center and an increase in pension expense in accordance with GASB Statement No. 68.
Transportation (Streets and Infrastructure)	These expenses are associated with maintenance of roads within the City, with the largest component being depreciation expense. Depreciation is the current year's portion of the cost of streets and other infrastructure. Transportation expenses increased by 5% from 2015 to 2016 for a total of \$17.2 million.
Sanitary Sewer (Plants and Sewer Lines)	These are expenses associated with operation of the City's sanitary sewer system, which includes depreciation and maintenance on sanitary sewer lines. Sanitary sewer expenses of \$6.7 million 2016 were consistent with 2015.
Other (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 \$6.6 million in 2016 increased by 3% from 2015, primarily due to an increase in pension expense in accordance with GASB Statement No. 68.
Leisure Time Activities (Recreation and Parks)	These expenses are associated with recreational services and programs, the aquatic center, gymnasiums, indoor track, and the senior center. The largest component in this category is expenses related to payroll. Leisure time activities expenses increased by 6% in 2016 to \$6.1 million, mostly due to an increase in pension expense in accordance with GASB Statement No. 68.
General Government (Council, Mayor, Finance, Law, etc.)	These expenses reflect the cost of running the City and providing support services to other City activities. General government expenses of \$4.6 million in 2016 increased by 3% from 2015, primarily due to an increase in pension expense in accordance with GASB Statement No. 68.

Expenses by Program - 2016 and 2015 (in Millions)

Total 2016 Expenses: \$68,357,819
Total 2015 Expenses: \$64,274,850

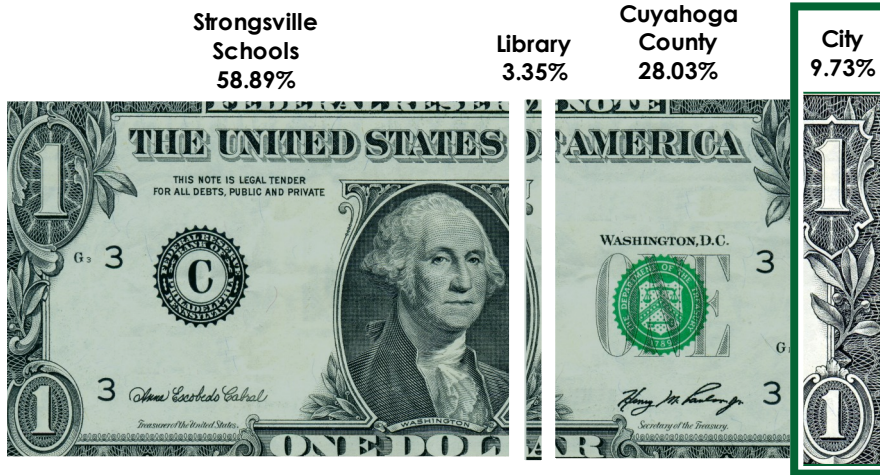


SUMMARY

Based on the chart to the left, total expenses increased by 6% from 2015 to 2016, and the change was distributed among most expense categories. This is due to an increase in pension expense in accordance with GASB Statement No. 68.

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

RECIPIENTS OF PROPERTY TAX COLLECTIONS

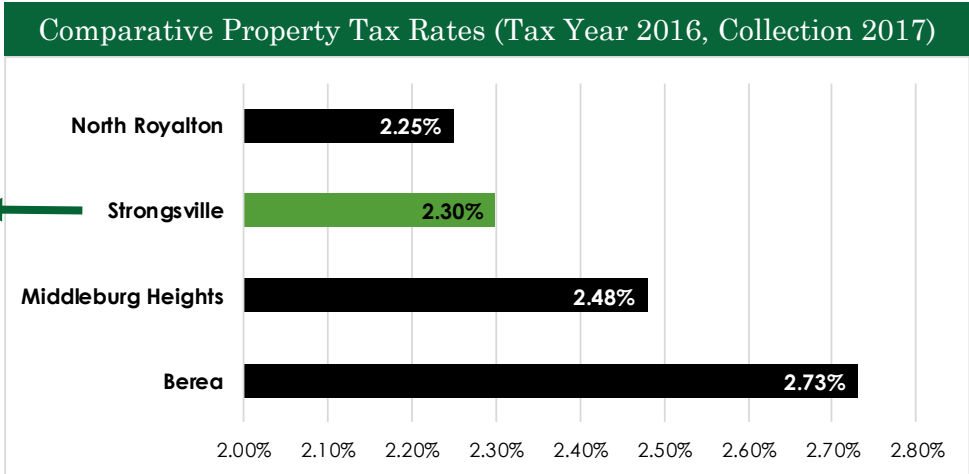


As you can see from the figure to the left, only a small portion of the property taxes a citizen pays actually supports the City. The majority of the property tax revenues supports the Strongsville City School District, followed by support for County functions. The percentages calculated were based on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

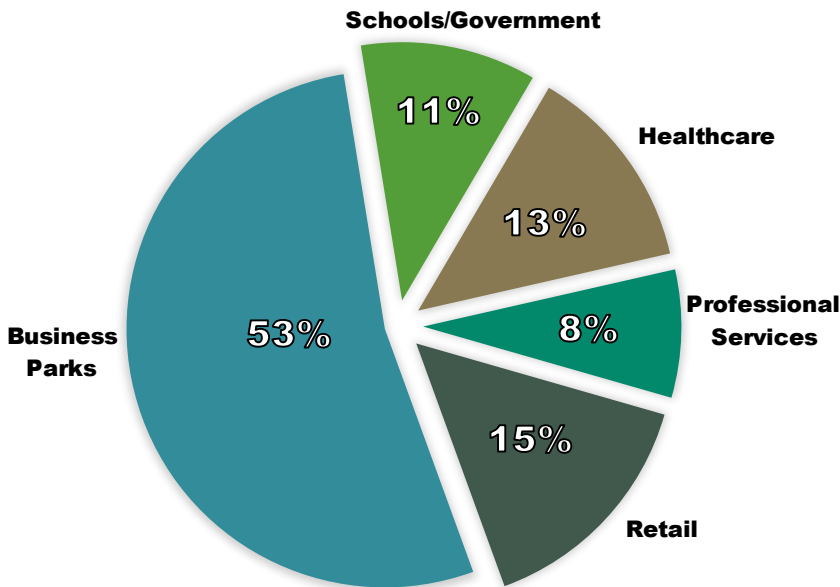
A homeowner in Strongsville will pay 2.30% of market value of their home in property taxes.

For example, taxes for a \$100,000 house in Strongsville: $\$100,000 \times 2.30\% = \$2,300$ annual property taxes.

Of the communities listed in the chart on the right, Strongsville has the highest total home value.



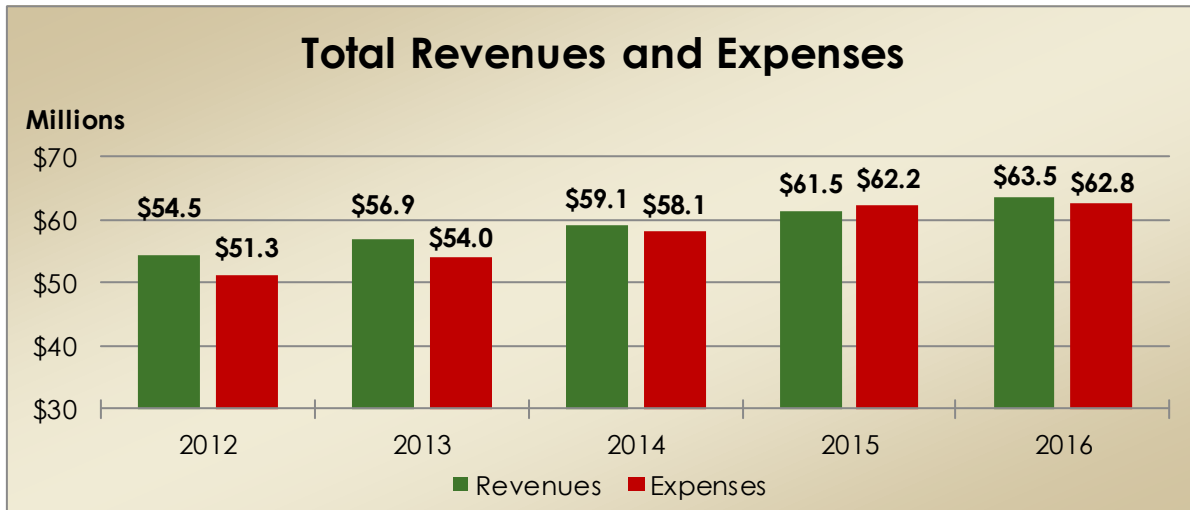
BUSINESS INCOME TAX COLLECTIONS



The City's income tax rate for 2016 was 2%. As the graph to the left shows, a majority of business income taxes collected is generated from the businesses located within the City's business parks. These amounts include withholdings from employees as well as taxes on net profits earned by the business. The City's recent economic development and retention efforts have helped generate over 1,000 new jobs (including retail) in the City.

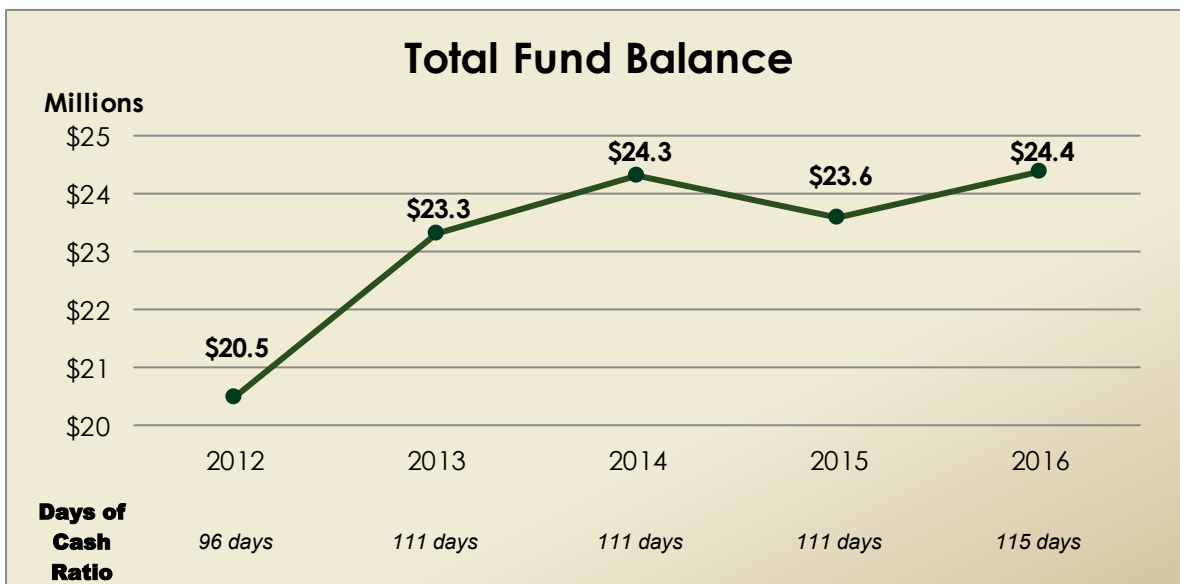
REVENUES & EXPENDITURES

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 and Workers' Compensation Reserve Fund. The tables below give an overview of the City's primary operating funds for the fiscal year ending December 31, 2016. For further detail, please see the City's CAFR, available on the City's website. Over the last five years, except for 2015 (which had 27 payroll periods instead of 26), the City has been able to cover the expenditures in those funds with its available revenues.



YEAR-END RESERVES

The two charts on this page reflect the City's diligent work in maintaining a balanced budget and keeping the year end cash balance for this group of funds at prudent levels. As you can see from the chart below, except for 2015 (which had 27 payroll periods instead of 26), the operating funds' year end fund balance has increased over the last five years. An important indicator of the health of the operating funds is the days of cash ratio. This ratio measures how many days the City could continue to pay its bills without receiving any additional revenue. For 2016, the days of cash ratio is 115 days, and over the last ten years, the ratio has averaged just over 95 days. Between the diverse businesses located within the City and the available days of cash ratio, the City has maintained an adequate reserve to insulate itself from any potential downturns in the economy. Having sufficient reserves also allows the City to pursue various grants that have local matching requirements.



NET POSITION

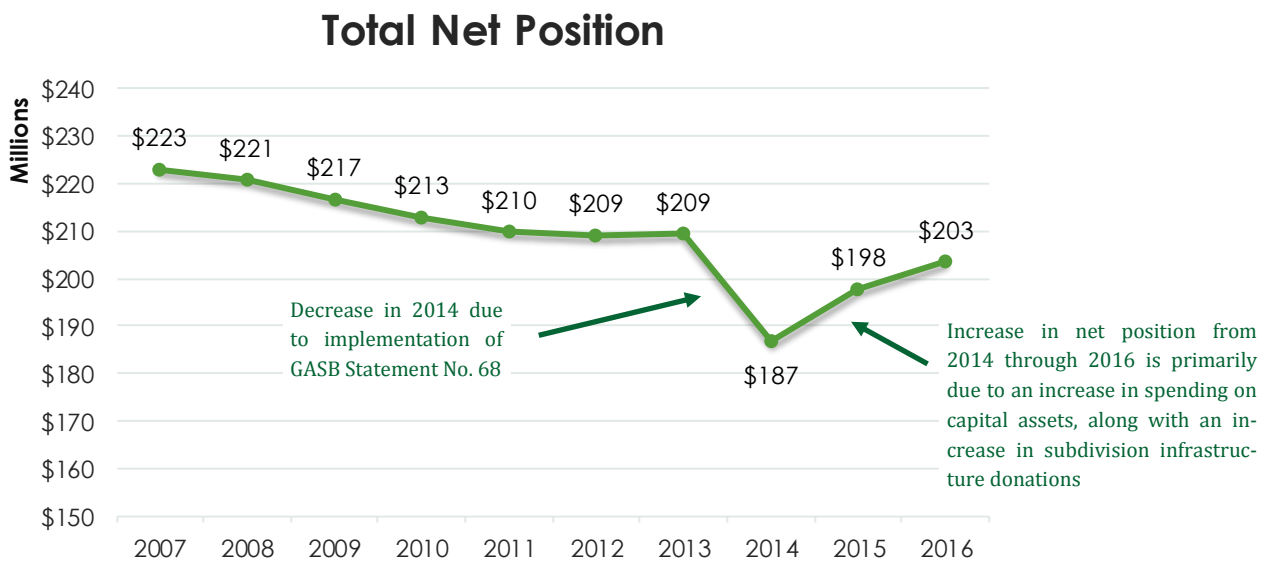
The Statement of Net Position in the City’s CAFR presents information on all of the City’s assets, deferred outflows of resources, liabilities and deferred inflows of resources with the residual being reported as net position, on a GAAP basis. Over time, increases or decreases in net position may serve 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.

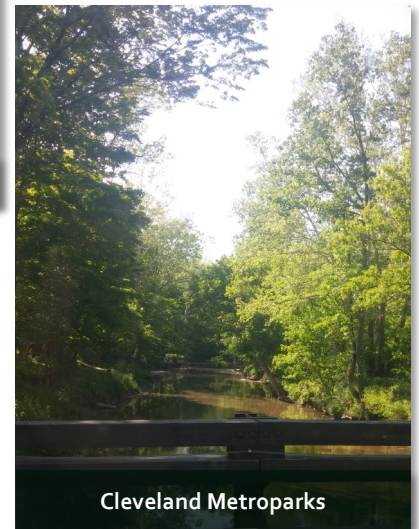


		<u>2015</u>	<u>2016</u>
	Total Net Position	\$ 197,759,554	\$ 203,450,392
Add:	Net Pension Liability	41,215,663	52,821,477
Add:	Deferred Inflows - Pension	192,667	616,496
Subtract:	Net Pension Asset	(21,623)	(33,030)
Subtract:	Deferred Outflows - Pension	(5,725,746)	(15,106,037)
	Net Position, without pension	<u>\$ 233,420,515</u>	<u>\$ 241,749,298</u>

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.



PARKS WITHIN CITY LIMITS



Rec. Park #1	18100 Royalton Road	Rademaker, Cross and Finley baseball fields are at this location with vending machines and restrooms. There are several playgrounds located nearby, along with four tennis courts and a pavilion.
Rec. Park #2	16109 Foltz Parkway	This park includes Foltz 1 and Foltz 2 baseball fields, playgrounds, and a basketball court. Two pavilions with grills and picnic tables are also available.
Rec. Park #3	21273 Drake Road	Wood and Sprague baseball fields are at this location. Each field has a pavilion with picnic tables, grills, electrical outlets, playgrounds, and portable restrooms nearby.
Nichols Field	22707 Sprague Road	This baseball field has a pavilion with electrical outlets, picnic tables, grills, and a playground.
Volunteer Park Fields	21410 Lunn Road	Watts, Stroemple (lighted), Farnsworth (lighted), Cappy Fields (lighted), and two Little League baseball fields (Roth and Kalinich) are at this location. Batting cages, horseshoe pits, a half mile paved walking path, vending machines, restrooms, picnic tables, bocce ball courts, and a playground are located here.
Surrarer Park	14625 Whitney Road	This park includes James baseball field, two tennis courts, and a pavilion with electrical outlets and picnic tables.
Backyard Preserve	Ehrnfelt Recreation Center	This park offers an outdoor amphitheater, a scenic walking trail, beautiful foliage, and plenty of wildlife.
Youth Sports Park & Playground	21255 Lunn Road	This park includes one regulation football field, two flag football fields, three Little League baseball fields, a playground, a sledding hill, and a pavilion with electrical outlets. Use is by permit only.
Castletown Pavilion	18100 Royalton Road	This park has a playground, four tennis courts and a pavilion with electrical outlets.
Mill Stream Run	Cleveland Metroparks Owned	The reservation also has a number of trails and picnic areas for visitors to enjoy year round, including the Chalet with its twin toboggan chutes for winter thrills.

CITY OF STRONGSVILLE WEBSITE

New Mobile-Friendly Web Design

In 2016, the City of Strongsville began the process of redeveloping the City Website, and went live in April 2017.

With analytics showing that over half of those accessing Strongsville.org are using a phone or tablet, it was clear that the City's website needed to be mobile-friendly. With the upgraded site, pages are designed to display differently on mobile devices than on a desktop computer. It's now much easier to view and interact with the site on a phone or tablet.

The new site, designed in part by a committee of city officials and employees, delivers information to residents in an organized fashion, including quick links to the departments that are visited most often. Announcements and events are displayed prominently on the home page so the City can better communicate with residents. A new alert function displays important information at the top of the page. The City now has the ability to embed video and more freedom in using photos.

