

CITY OF CUYAHOGA FALLS, OHIO



Comprehensive Annual Financial Report

for the year ended
December 31, 2017

Don Walters, Mayor



About the Cover:

It is nothing short of energizing to see the transformation that is happening along South Front Street. Over the summer, patrons returned to the reopened Jetty at the Sheraton along the riverfront of the beautiful Cuyahoga River. Places like HiHO Brewing Company, Hibachi, Craft Beer Bar, and TRIAD have breathed new life into downtown with their strategic investments in historical buildings. There is nothing more exciting than visiting South Front Street on a Saturday night to see the area activated and booming with visitors and patrons of local businesses. To the north, businesses such as McArthur's Brew House, Totally Cooked Catering, and Darby's on 59 continue to do thrive.

After forty years of being closed to vehicular traffic, the completion of housing and retail market studies, well-attended public meetings, countless hours of research and planning, and a fact-finding tour with community and business leaders, Front Street is open! After unanimous approval from City Council, design and engineering phases of the road, numerous hard-hat tours for the community and an aggressive construction schedule, the City was beyond excited to reopen Front Street on Saturday, February 3 of this year. Two busloads of residents and community leaders took the inaugural trip down the newly opened road accompanied by a 1978 Trans-Am and a new Tesla that symbolized the ushering out of the old pedestrian mall and the ushering in of a new day of economic growth and innovation. That trip signified that Downtown Cuyahoga Falls was officially open for business.

Building owners are making great investments in their properties as developers continue to backfill storefronts along Front Street. Last year, the City was thrilled to welcome Crave Cantina to Front Street and wish them much continued success. Residents and visitors alike look forward to the opening of Pav's Creamery, Good Co. Hair Salon, and Ohio Brewing Company in 2018. Celia's Boutique and Yum Yum Sweet Shop opened for business in early 2018. The City remains grateful that these new businesses have come to Cuyahoga Falls, and are incredibly thankful that all of the existing businesses remained during construction knowing that there were better days to come with accessibility to and visibility of their companies. The vibrancy and sense of place have returned to Downtown Cuyahoga Falls.

***Special thanks to the following
employees for their assistance
in the preparation of this report:***

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Scott K. Fitzsimmons

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Comprehensive Annual Financial Report

For Fiscal Year Ended December 31, 2017



City of Cuyahoga Falls, Ohio

Mayor Don Walters

Issued by the Department of Finance

Bryan J. Hoffman, Finance Director



Printed on Recycled Paper

City of Cuyahoga Falls, Ohio

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City of Cuyahoga Falls, Ohio

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INTRODUCTORY SECTION



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DEPARTMENT OF FINANCE

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Bryan J. Hoffman
Finance Director

Scott K. Fitzsimmons
Deputy Finance Director

June 21, 2018

Honorable Mayor Don Walters,
Members of City Council and the
Citizens of the City of Cuyahoga Falls, Ohio

The Comprehensive Annual Financial Report (CAFR) for the City of Cuyahoga Falls, Ohio (the “City”) for the year ended December 31, 2017, is hereby submitted. The responsibility for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with the City’s management. To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner, which fairly presents the financial position and results of operations of the various funds of the City. All disclosures necessary to gain an understanding of the City’s financial activities have been included.

The financial statements, schedules, and statistical tables included herein pertain to those functions, which are under the jurisdiction of the City Council and administered by the Mayor. These functions encompass all activities considered by the City to be a part of (controlled by or dependent on) the financial reporting entity. This is determined on the basis of the City’s financial accountability for such operations. Financial accountability includes budget adoption, taxing authority, the existence of outstanding debt secured by the City, or the obligation of the City to finance any deficits that might occur and selection of governing authority and influence of operations. The City does have financial accountability for the Community Improvement Corporation of Cuyahoga Falls (CIC) and has chosen to incorporate its data into these financial statements using the discrete method of presentation because CIC provides services to the primary government and the citizens of the City as opposed to only the primary government.

Based on the criteria for determining financial accountability, the financial statements do not include the financial activities of the Cuyahoga Falls City School District or Woodridge Local School District (or any other school districts, which fall within the boundaries of the City). In addition, they do not contain financial information pertaining to the Cuyahoga Falls Public Library or Western Reserve Hospital. The City does not have financial accountability for the aforementioned entities. The City is responsible for establishing and maintaining an internal control system designed to protect its assets from loss, theft or misuse. Furthermore, the accounting system must be adequate to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuations of costs and benefits require estimates and judgments by management. Management believes the internal control system is effective.

In accordance with Ohio law, each public office is required to have an independent audit at least once every two years unless an annual audit is required pursuant to the Single Audit Act of 1984. These audits are conducted by either the Auditor of State of Ohio, or if the Auditor permits, an independent public accounting firm.

The current year audit has been completed by an independent public accounting firm, James G. Zupka, CPA, Inc. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2017, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The Independent Auditor's Report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of the broader, federally mandated "Single Audit" designed to meet the special needs of grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with an emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's Management's Discussion and Analysis can be found immediately following the Independent Auditor's Report in the financial section of this report.

PROFILE OF THE GOVERNMENT

The City was incorporated as a village in 1868 and organized as a city after the 1920 census. The City is located in Summit County in northeastern Ohio, approximately 30 miles south of the City of Cleveland and lies on the northern border of the City of Akron. The City currently occupies a land area of 27.8 square miles and serves a population of 49,206 based on the 2016 U.S. Census Bureau estimate, the most current estimate available.

The City operates under and is governed by its Charter (first adopted by the voters in 1959). The Charter may be and has been amended by the voters. Every five years a Charter Review Commission is appointed to review the City's Charter and make any recommendations to be voted upon by its residents. The last Charter Review Commission took place in 2015. The City is also subject to certain general laws applicable to all cities. Under the Ohio Constitution, the City may exercise all powers of local self-government, and police powers to an extent that is not in conflict with applicable general laws. The Charter provides for a Mayor-Council form of government. The City's chief executive and administrative officer is the Mayor, who is elected by the voters specifically to that office for a four-year term. The Mayor also serves as the Public Safety Director. All elected officials, except the Mayor serve on a part-time basis. The Mayor may veto any legislation passed by the Council. However, a veto may be overridden by a two-thirds vote of all members of the Council.

Legislative authority is vested in an eleven-member Council. Three members are elected at-large for four-year terms, and eight members are elected from wards for two-year terms. The presiding officer is the President, who is elected by the Council for a one-year term. The Charter establishes certain administrative departments and Council may establish divisions of those departments and additional departments. Subject to the approval of Council, the Mayor appoints the Directors of Finance, Public Service, Law and Community Development. The Superintendent of Parks and Recreation is appointed by the Parks and Recreation Board. This Board consists of City residents, three appointed by the Mayor and one appointed by the Cuyahoga Falls City School District Board of Education and one appointed by the Woodridge School District Board of Education. The Mayor also appoints members to a number of other boards and commissions and appoints and removes, in accordance with Civil Service requirements, all appointed officers and employees, except Council officers and employees.

The City provides an extensive range of services including police and fire protection, emergency medical service, administration of justice by the way of a mayor's court, community planning and development, recreational and cultural activities, street maintenance and environmental services. Outside of the normal governmental services, the City also provides entrepreneurial activities such as sewage disposal, water distribution, electric service, sanitation,

City of Cuyahoga Falls, Ohio

storm drainage administration and leisure time activities, including a wellness center, golf course, outdoor water park and a sports center which includes miniature golf, batting cages and golf driving range.

The objective of budgetary controls is to ensure compliance with both the annual appropriated budget approved by City Council and the legal restrictions imposed by state and federal statutes as well. City Council must adopt an annual appropriations ordinance and budget resolution by December 31, of the preceding year. Appropriations may not exceed amounts certified by the County Budget Commission. The initial level of budgetary control is passed by City Council at the fund level, department and object level (Personal Services, Other Operations, Capital Outlay, Debt Service and Transfers) with further restrictions prohibiting the transfer of funds between departments of a particular fund and limiting transfers of sums between line items of a department, at any time within the fiscal year which exceed in the aggregate seven percent of the amount originally appropriated in the line item from which the transfer is made, but not to exceed \$10,000. The City Finance Director is authorized by Charter to transfer funds already appropriated between funds and departments; however, any revisions that change the total fund appropriations or exceed the limits restricting transfers of sums between line items must be approved by City Council. As a management tool, budgetary control is maintained in all funds at the department level by the encumbrance of estimated purchase amounts before the release of purchase orders to vendors. The City continually evaluates its accounting and reporting system in an effort to improve internal accounting controls.

LOCAL ECONOMY

The Cleveland-Akron-Canton Combined Statistical Area (CSA) is the 16th most populous combined statistical area in the United States with a population of 3,515,646.

The City is currently the second largest city in Summit County and the sixteenth largest in the State of Ohio. In January 1986, the City merged with Northampton Township. This merger between Northampton Township and the City was the first merger of its type in the State. The merger increased the City's population by more than 16 percent and tripled the City's total land area.

Transportation services are provided by diversified venues through the City. Immediate access is available to one state highway (State Route 8), which also offers access to the Ohio Turnpike (Interstate 80) and Interstate Highways 76 and 77. The City is adjacent to areas served by Conrail and Amtrak, and is served by passenger air services at three airports, Cleveland Hopkins International Airport, Akron-Canton Regional Airport and Akron Fulton International Airport. Public mass transit for the area is provided by the METRO Regional Transit Authority (a separate political subdivision) and long distance bus travel can be obtained from Greyhound bus lines.

The City is not subject to swift or erratic economic downturns because of its diversified income tax base, in which no single employer dominates the local economy. During 2017, ten major employers in the City collectively accounted for approximately 28.6 percent of the \$17,475,415 withholding taxes remitted to the City.

2016 U.S. Census estimate reports, the most current available, indicate that median household income for Cuyahoga Falls is slightly higher than the State of Ohio, but less than Summit County and the United States. The following is a comparative breakout of those medians.

	<u>Median Income</u>
City of Cuyahoga Falls	\$51,586
Summit County	\$51,562
State of Ohio	\$50,674
USA	\$59,039

The 1986 merger between the City and Northampton Township (now Ward 8) opened the door for growth. Due to increased land availability, the City has realized many new opportunities for industrial, commercial, and residential development. This growth continues to be stimulated by the expansion of water and sewer lines into Ward 8. At the same time, the residents of Ward 8 are benefiting by receiving city-based services, which should ultimately have had a positive impact on current property values.

City of Cuyahoga Falls, Ohio

The City is experiencing an accelerated pace of growth and development throughout the community. Investment in Commercial and Residential development continues to be strong, adding value and jobs to the community.

Portage Crossing development is 241,000 square feet of commercial space. Located at the crossroads of two major arteries in the city, its major anchor tenants are Giant Eagle Market District, LA Fitness, and a Cinemark NextGen Theater.

The City entered into a tax increment financing agreement (TIF) with the Cuyahoga Falls School District. The agreement calls for a 30 year TIF of which the schools will receive 22 percent of the TIF while the City will receive 78 percent of the TIF until the City is paid back from their investment. Initial figures showed that even at the 22 percent piece of the TIF, the school district would receive \$171,500 annually, which would have been approximately 11 percent more than they received with the old center.

The Riverwalk area has also seen private development that includes residential and commercial retail projects. Watermark, a residential housing and commercial retail estate venture boasts 40 units of senior housing, 12 market rate condos and retail stores and restaurants. This was a total project investment of \$9.2 million dollars and was completed in 2014. Riverwalk building broke ground in early 2015 as a mixed use, high-end residential and commercial redevelopment with 36 loft apartments and 21,000 square feet of retail space for restaurants and retail space. This project is also a \$9.2 million investment that will employ 20 full-time and 10 part-time employees with an annual payroll of roughly \$433,000. Finally, Triad/Next Level invested \$1.3 million dollars in a redevelopment of a designated historic structure that was completed in 2015.

Two new additions to the Portage Crossing Development will occurred in 2017. Both are located in the western portion of the development, and will be home to retail, office and fast casual dining. At approximately 4,000 square feet, the first building will be house Panda Express, a fast casual venue offering American Chinese cuisine. The second building will be approximately 9,728 square feet. Three separate tenants will share this building: a dental office, Mattress Firm and Piada, a fast casual Italian street food concept.

FUTURE ECONOMIC OUTLOOK

The City's vision is to keep Cuyahoga Falls a vibrant, healthy, attractive, and continually growing City. City officials continue in their visions of infrastructure improvements and new tax revenues for the City, as well as, its school systems, jobs, shopping, housing, and recreational opportunities for residents and visitors alike.

A deal was reached in 2014 to bring a Menard's to the city. The home improvement superstore will be utilizing property that was vacated by a Giant Eagle grocery store that moved to the Portage Crossing development. Construction began in 2017 and the final pieces are being put in place with and anticipated opening this summer. Menard's is estimated to be a \$10.5 million dollar facility with annual payroll of \$2.5 million.

Construction began in 2017 to open Front Street back up to vehicular traffic. The once vibrant street was closed in the late 1970's for a pedestrian mall. Over the years most of the businesses have left and the mall has failed. The Mayor and his administration have worked tirelessly to study and begin implementation of constructing a new road to spur economic development. Studies have shown that redevelopment of this area would support and additional 215,350 square feet of retail and restaurant development, generating \$60.4 million in new revenue. We have seen considerable interest in this area and expect it to be an epicenter of commercial and economic activity. The street was opened in February 2018 and new businesses have begun to open. Crave Cantina, tacos and Latin fare restaurant, opened in 2017, and Pav's Creamery, Good Co. Hair Salon, Yum Yum Sweet Shop, and Ohio Brewing Company all have opened or are set to open in 2018. Interest in our downtown continues to grow and is a very bright spot for the future of Cuyahoga Falls.

An income tax rate of 2 percent passed by the voters in 1996 continues to have positive effects for the City's capital infrastructure program since the City earmarked 29.33 percent of the net proceeds solely for capital improvements.

City of Cuyahoga Falls, Ohio

The Mayor, his administration, and the City Council are aware of national and local economic conditions. Weekly meetings are held with senior cabinet to discuss all the ways the City can continue to provide value to the residents and businesses of the community without generating a deficit for the community to handle. All personnel vacancies are discussed and in many cases job functions adjusted to eliminate any current need to immediately replace the leaving personnel.

The City's General Fund is in a better position to deal with future loss of revenue due to the various changes made of the last several years giving the economy a longer period of time to turn around with minimal impact to city services. The City continuously updates a five year forecast for its General Fund. This allows the administration to anticipate future financial pitfalls and adjust current operations mitigating future issues.

The Mayor and his staff spend considerable amounts of time maintaining the financial strength of the City. As businesses look to relocate or expand, City officials work overtime with these companies to accommodate their needs. These types of investments only strengthen the City's financial position. The City is also not reliant on one particular business for its main source of income taxes or property taxes. Only one business represents just over than five percent of the City's two main sources of income. The City's administration also places a high emphasis on keeping Cuyahoga Falls a positive place to live and work. This can best be seen in the unemployment rates for the City consistently being lower than the Summit County rate coupled with local home sales and the real estate market, which are generally ahead of the national trends. Employment within an area is expected to remain positive with wage increases slightly higher than cost of living trends. The City monitors the economic slowdown being experienced by cities across the nation. The Development Department is in contact with homeowners, various property owners, and developers. This is performed to keep a pulse beat within the community, as well as, to provide businesses and homeowners with a variety of options when purchasing a property.

MAJOR INITIATIVES

The City of Cuyahoga Falls elected a new mayor that took office on January 1, 2014. Since that time a number of new initiatives have been instituted to bring value to the citizens.

Improving communication to current residents and businesses as well as communicating to potential residents and businesses will continue to strengthen the community. As such, the Mayor created the Department of Neighborhood Excellence, Communications, and Community Outreach. This Department is responsible for overseeing the Neighborhood Excellence Initiative and Neighborhood Ambassadors to ensure that our neighborhoods continue to grow and thrive, that relationships continue to be strengthened, and that our neighbors are well informed about the programs and services that are offered to all residents. This department is also a one stop shop for questions about city services. Potential businesses have a place to learn about all the reasons they should open shop in Cuyahoga Falls.

A priority of the City is to be energy efficient. The Mayor started an energy efficiency program that provides the citizens of Cuyahoga Falls with tools they need to reduce power consumption which results in lower power bills and a smaller carbon footprint. Having an energy efficiency program that works for the residents and the business of community lowers power bills through both lessening the amount of electricity being used as well as lessening the required capacity of the city.

The Mayor recognizes that a safe city will attract business and residents and promote growth. All cities struggle with some level of crime and Cuyahoga Falls is being proactive in the fight. The Mayor started a crime fighters program that promotes citizen participation through an anonymous tip procedure. The program includes cash rewards in which the size is determined by the type and usefulness of the tip. The cash rewards are funded 100 percent by private donations and are dispersed by a local financial institution.

The Mayor has teamed up with local businesses, Western Reserve Hospital, and Woodridge and Cuyahoga Falls school districts to address drug use in the community. The "NOT ME, I'm Drug Free" campaign is an anti-drug initiative that is designed to educate fifth grade students at Cuyahoga Falls and Woodridge elementary schools about the dangers of using methamphetamines and heroin. The program offers positive reinforcements for students who

pledge to stay drug free, and keeps them connected via Facebook. Local businesses offer “Free-wards” to participants for free food, video rentals, T-shirts, and many other incentives.

FINANCIAL INFORMATION

The single largest cost to the city is personnel. The city has six bargaining units. All six contracts expire on June 30, 2018 and the city is in negotiations with all units.

The City’s Capital Project Fund has issued various notes for numerous infrastructure projects over the last several years. The administration, along with the assistance of City Council, created a plan to pay down on the notes each year to save the cost of long-term interest borrowing. The current administration has continued the plan to rapidly pay down debt.

LONG TERM FINANCIAL PLANNING

The City currently prepares a five-year capital improvement plan. This plan helps the City prepare and adjust for major infrastructure projects and maximize potential State and Federal grant assistance. Various other major operations within the City are also being viewed over two, three, and five-year views. Preparing for the future is a key ingredient to financial stability while maintaining important public services. This five-year approach is being expanded to all major funds within the City.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cuyahoga Falls for its comprehensive annual financial report for the fiscal year ended December 31, 2016. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last 33 consecutive years (fiscal years ended 1984-2016). We believe our current report continues to meet the Certificate of Achievement Program’s requirements and we are therefore submitting it to the GFOA to determine its eligibility for another certificate. Receipt of these awards is an outstanding sign of the City's active effort to anticipate and provide for the needs of its citizens.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. A special thanks goes out to Deputy Finance Director, Scott Fitzsimmons, for all of his hard work and dedication. The preparation of the CAFR requires a major effort from the accounting staff and we express our appreciation to all who assisted and contributed to the presentation of this year's report. We also thank the Mayor, his cabinet and the members of City Council for their thoughtful support and encouragement throughout the year.

Respectfully submitted,



Bryan Hoffman,
Finance Director



Government Finance Officers Association

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for Excellence
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**City of Cuyahoga Falls
Ohio**

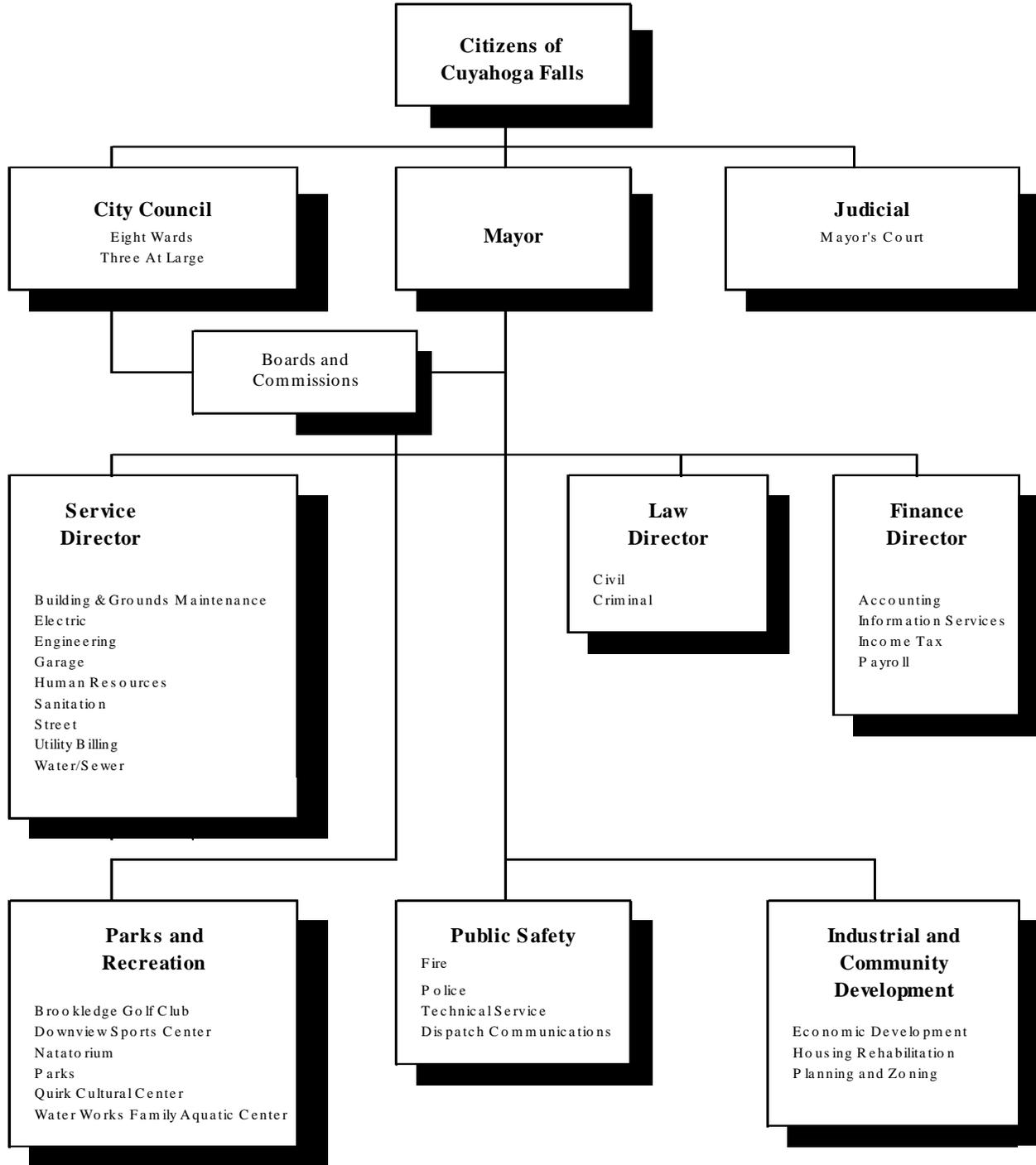
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO

Organizational Chart



City of Cuyahoga Falls, Ohio

City Officials

Cabinet of the Mayor:

Mayor Don Walters	Anthony Zumbo	Service Director
	Bryan Hoffman	Finance Director
	Russell Balthis	Law Director
	Diane Sheridan	Community Development Director

At Large Council:

Paul Colavecchio
Carol Klinger
Jeffrey Iula

Ward Council:

Vincent Rubino	Ward 1
Mary Ellen Pyke	Ward 2 (Council Pres. At 12/31/17)
Victor Pallotta	Ward 3
Mary Nichols-Rhodes	Ward 4
Michael Brillhart	Ward 5
Adam Miller	Ward 6
Jerry James	Ward 7
Russ Iona	Ward 8

FINANCIAL SECTION

City of Cuyahoga Falls, Ohio

JAMES G. ZUPKA, C.P.A., INC.

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INDEPENDENT AUDITOR'S REPORT

To the Members of City Council
City of Cuyahoga Falls
Cuyahoga Falls, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cuyahoga Falls, Summit County, Ohio, (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cuyahoga Falls as of December 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension Liabilities and Pension Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

City of Cuyahoga Falls, Ohio

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.



James G. Zupka, CPA, Inc.
Certified Public Accountants

June 21, 2018

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City of Cuyahoga Falls, Ohio

Management's Discussion and Analysis

As management of the City of Cuyahoga Falls, Ohio (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which begins on page 2 of this report, and the City's financial statements, which follow this section.

Financial Highlights

- This is the City of Cuyahoga Falls fifteenth publication of a Comprehensive Annual Financial Report (CAFR) under the GASB 34 reporting model. Comparisons to prior financials are offered for this discussion and analysis.
- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources at the close of 2017 by \$201,410,289. Of this amount, \$5,380,055 is considered unrestricted. The unrestricted net position of the City's governmental activities has a balance of negative \$20,886,478 due to the implementation of GASB 68, described below. The unrestricted net position of the City's business-type activities was \$26,266,533 and may be used to meet the ongoing obligations of business-type activities, including the sewage and disposal, water, electric, sanitation, leisure time activities and storm drainage utility enterprises.
- The City's net position increased \$6,081,221 or 3.1 percent in 2017, in comparison to net position as of December 31, 2016. Net position of governmental activities increased \$602,999, which represents an .7 percent increase from the amount as of December 31, 2016. Net position of business-type activities increased \$5,478,222 or 4.9 percent from the amount as of December 31, 2016.
- As of the close of the current year, the City's governmental funds reported combined ending fund balances of \$15,844,142, in comparison to \$22,334,486 in the prior year. On a combined basis \$1,363,393 is considered nonspendable, \$6,146,147 is restricted for specific purposes, \$1,703 has been committed by City Council and \$1,070,830 has been assigned to specific purposes by management.
- At the end of the current year, unassigned fund balance for the general fund was \$10,262,546 or 32.4 percent of revenues, and 39.4 percent of expenditures.

Governmental Accounting Standards Board Statement No. 68

In recent years the City adopted Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement 27 and GASB Statement 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68," which significantly revises accounting for pension costs and liabilities. Many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows and the net pension/asset related to pension. Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements. The City contributes to two statewide pension systems: Ohio Public Employees Retirement System (OPERS) and Ohio Police and Fire Pension Plan (OP&F).

Under the standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

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

GASB notes that pension 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. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. For OPERS and OP&F, 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 employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. **In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer.** State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, 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 pension payments, State statute does not assign or identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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

Due to GASB 68, the City is reporting a net pension liability and deferred inflows and outflows of resources related to pension on the accrual basis of accounting.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

City of Cuyahoga Falls, Ohio

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include security of persons and property, leisure time activities, community environment, street maintenance and general government. The business-type activities of the City include sanitary sewage and disposal, water treatment and distribution, electric distribution, refuse and recycling collection service, storm drainage repair and improvements, and leisure time activities including an outdoor family aquatic center, an indoor natatorium, a municipal golf course, a civic cultural center and a sports center facility which offers batting cages, a driving range, skate park and a miniature golf course.

The government wide financial statements include not only the City itself (known as the primary government) but also a legally separate community improvement corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 35-37 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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 spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of 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 decision. 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 twenty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Projects Fund, which are considered to be major funds. Data from the other eighteen funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The Municipal Income Tax Special Revenue Fund has been consolidated with the General Fund for statement purposes.

The City adopts an annual appropriated budget for its General Fund and all Special Revenue, Debt Service, Capital Projects, Enterprise and Internal Service Fund types. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 38-42 of this report.

Proprietary funds. The City maintains two different types of proprietary funds – enterprise and internal service. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewage and disposal, water, electric, sanitation, leisure time operations and storm drainage utility. Internal Service Funds are an accounting device used to accumulate and allocate costs internally to the City’s various functions. The City uses Internal Service Funds to account for its vehicle maintenance, medical self-insurance, worker’s compensation coverage and compensated absences payments to terminated and retired employees. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. While the Utility Billing Fund is considered an Internal Service Fund, it is not reported separately. It has been consolidated in the applicable Enterprise Funds for statement purposes.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewage and Disposal Fund, Water Fund, Electric Fund, Sanitation Fund, Leisure Time Fund, and Storm Drainage Utility Fund, which are considered to be major funds. Conversely, the internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 43-50 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City uses fiduciary funds to account for agency funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 51 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 52-104 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City’s proportionate share of the net pension liability for and contributions to OPERS and OP&F. Required supplementary information can be found on pages 105 to 109 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to financial statements. Combining and individual fund statements and schedules can be found on pages 112-157 of this report.

City of Cuyahoga Falls, Ohio

Government-wide Financial Analysis

City of Cuyahoga Falls, Ohio - Net Position						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	\$ 48,377,345	\$ 45,175,468	\$ 43,636,359	\$ 42,518,824	\$ 92,013,704	\$ 87,694,292
Net pension asset	40,697	38,578	39,747	37,678	80,444	76,256
Capital assets, net	110,923,814	100,413,150	112,019,864	108,594,274	222,943,678	209,007,424
Total Assets	159,341,856	145,627,196	155,695,970	151,150,776	315,037,826	296,777,972
Deferred Outflows of Resources						
Pension	11,624,955	11,799,819	5,717,596	4,199,392	17,342,551	15,999,211
Advance refunding of debt	-	-	203,611	213,792	203,611	213,792
	<u>11,624,955</u>	<u>11,799,819</u>	<u>5,921,207</u>	<u>4,413,184</u>	<u>17,546,162</u>	<u>16,213,003</u>
Liabilities						
Current and other liabilities	14,039,030	4,808,371	14,940,729	13,716,337	28,979,759	18,524,708
Long-term liabilities:						
Net pension liability	46,617,671	42,954,081	14,439,013	10,794,497	61,056,684	53,748,578
Other long term liabilities outstanding	15,830,249	15,993,103	14,856,246	19,005,420	30,686,495	34,998,523
Total Liabilities	76,486,950	63,755,555	44,235,988	43,516,254	120,722,938	107,271,809
Deferred Inflows of Resources						
Revenues levied for the next year	9,831,106	9,396,385	-	-	9,831,106	9,396,385
Pension	483,938	713,257	135,717	280,456	619,655	993,713
	<u>10,315,044</u>	<u>10,109,642</u>	<u>135,717</u>	<u>280,456</u>	<u>10,450,761</u>	<u>10,390,098</u>
Net Position						
Net investment in capital assets	97,475,296	93,128,745	90,978,939	84,868,646	188,454,235	177,997,391
Restricted	7,331,217	6,889,347	-	-	7,331,217	6,889,347
Permanent Fund Purpose	244,782	241,905	-	-	244,782	241,905
Unrestricted	(20,886,478)	(16,698,179)	26,266,533	26,898,604	5,380,055	10,200,425
Total Net Position	\$ 84,164,817	\$ 83,561,818	\$ 117,245,472	\$ 111,767,250	\$ 201,410,289	\$ 195,329,068

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$201,410,289 at the close of the most recent fiscal year.

The largest portion of the City's total net position (93.6 percent) reflects its net investments in capital assets (e.g. land, construction in progress, buildings, improvements other than buildings, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to citizens; therefore, these assets are not available for future spending. Although the City's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Additionally, 3.6 percent of the City's net position represents resources that have been restricted on how they may be used. Another portion of the City's net position (less than one percent) represents the Cemetery Perpetual Care Permanent Fund. The remaining balance of unrestricted net position \$5,380,055 may be used to meet the government's on-going obligations to its citizens and creditors.

At the end of the current fiscal year, the City of Cuyahoga Falls is able to report positive balances in all four categories of net position, for the government as a whole and as well as for its separated governmental activities net investments in capital assets, restricted and permanent fund purpose and business-type activities. The only exception being governmental activities unrestricted net position which was negative \$20,886,478 due to the recording of GASB 68 as previously discussed.

City of Cuyahoga Falls, Ohio

Overall, net position of the City increased by \$6.081 million in 2017. Net position for governmental activities increased by \$602,999 and net position for business-type activities increased \$5.478 million. The net position increase for governmental activities only amounted to \$602,999 primarily due to the effect of recording the City's proportionate share of GASB 68 net pension liability, deferred outflows and deferred inflows of resources. The City's proportionate share of OPERS and OP&F liability recorded in governmental activities in 2017 increased and decreased \$3,731,553 and \$67,963, respectively for a total net increase of \$3,663,590.

Some other significant changes in governmental activities net position items are as follows: Current and other assets increased \$3.202 million, mostly due to the increase of cash and investment items in the amount of \$2.498 million; capital assets increased \$10.511 million, due to nondepreciable capital asset items, such as net land acquisition of \$1.544 million and construction in progress of \$9.079 million, outweighing a slight decrease in depreciable capital asset items of \$112,479; lastly, current and other liabilities increased \$9,231 million, in which \$7.155 million relates to the issuance of various purpose notes for the governmental activities portion of the Downtown Circulation Project, in which the capital improvements are recorded as construction in progress and included in nondepreciable capital assets.

Significant changes in business-types activities are as follows: Current and other assets increased \$1.118 million, mostly due to the increase of accounts receivable from 2016 to 2017 in the amount of \$2.453 million, relating to the timing of unbilled electric service (\$557,552) and a portion of power costs associated with the power cost factor (\$1,803,042) which is consumed in the reporting period and billed in the subsequent period, offset by a reduction of other assets, such as a reduction of cash and investment items in the amount of \$608,796; capital assets increased \$3.426 million, due to an increase of \$5.253 million of depreciable capital asset items, primarily in the infrastructure improvements category, which increased \$5.423 million or 7.8 percent; net pension liability increased \$3.645 for the City's proportionate share of OPERS for business-type activities employees; lastly, current and other liabilities increased \$1.224 million, in which \$1.135 million relates to the increase in the issuance of various purpose notes associated with the business-type activities portion of the Downtown Circulation Project, in which the capital improvements are in progress and included in nondepreciable capital assets.

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. This table contains the 2016 fiscal year figures for comparison purposes.

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City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio - Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services	\$ 3,771,651	\$ 3,905,435	\$ 74,445,949	\$ 71,800,672	\$ 78,217,600	\$ 75,706,107
Operating grants and contributions	2,869,549	2,871,659	61,155	56,207	2,930,704	2,927,866
Capital grants and contributions	2,784,018	1,365,830	908,140	981,506	3,692,158	2,347,336
General revenues:						
Property and other local taxes	12,757,664	12,712,221	-	-	12,757,664	12,712,221
Income taxes	23,512,064	23,061,321	-	-	23,512,064	23,061,321
Grants and entitlements not restricted to specific programs						
	2,617,007	2,574,287	-	-	2,617,007	2,574,287
Other	584,060	560,440	-	-	584,060	560,440
Total Revenues	48,896,013	47,051,193	75,415,244	72,838,385	124,311,257	119,889,578
Expenses						
Security of persons and property	23,275,147	23,211,263	-	-	23,275,147	23,211,263
Leisure time activities	4,339,549	4,073,716	-	-	4,339,549	4,073,716
Community environment	2,271,132	2,128,007	-	-	2,271,132	2,128,007
Street maintenance	8,762,258	8,646,272	-	-	8,762,258	8,646,272
General government	6,958,634	6,159,167	-	-	6,958,634	6,159,167
Interest and fiscal charges	303,622	364,476	-	-	303,622	364,476
Sewage and disposal	-	-	7,934,156	7,527,436	7,934,156	7,527,436
Water	-	-	4,427,961	4,003,814	4,427,961	4,003,814
Electric	-	-	48,275,772	46,856,466	48,275,772	46,856,466
Sanitation	-	-	3,886,703	3,463,757	3,886,703	3,463,757
Leisure time activities	-	-	6,381,113	6,303,759	6,381,113	6,303,759
Storm Drainage Utility	-	-	1,413,989	1,247,600	1,413,989	1,247,600
Total Expenses	45,910,342	44,582,901	72,319,694	69,402,832	118,230,036	113,985,733
Increase in net position before transfers	2,985,671	2,468,292	3,095,550	3,435,553	6,081,221	5,903,845
Transfers	(2,382,672)	(2,344,428)	2,382,672	2,344,428	-	-
Changes in net position	602,999	123,864	5,478,222	5,779,981	6,081,221	5,903,845
Net position-beginning	83,561,818	83,437,954	111,767,250	105,987,269	195,329,068	189,425,223
Net position-ending	\$ 84,164,817	\$ 83,561,818	\$ 117,245,472	\$ 111,767,250	\$ 201,410,289	\$ 195,329,068

Governmental activities. Governmental activities increased the City's net position by \$602,999. Key elements of the changes in net position are as follows:

- ❖ Revenues exceeded expenses by \$2,985,671.
- ❖ Capital grants and contributions increased \$1,418,188.
- ❖ Income taxes increased \$450,743.
- ❖ General government expense increased \$799,467.
- ❖ Leisure time activities expense increased \$265,833.

Capital grants and contributions increased \$1,418,188 or 104 percent from 2016 to 2017. A few items attributable to this revenue stream were grants from the Ohio Public Works Commission for the purchase Dickerson Run Nature Preserve \$1,089,283, State of Ohio Department of Public Safety EMS contribution toward the cost of a law enforcement training facility \$200,000, and the Ohio Rail Development Commission for safety improvements at the Broad Boulevard railway crossing \$40,465.

Income tax revenue increased \$450,743 or 2.0 percent and was due to an increase in cash basis collections of \$1.096 million, offset with a net decrease in accrual journal entries, with accrued income tax revenue being \$439,468 less than that of the previous year.

General government expense increased \$799,467 or 13.0 percent, which is primarily due to the effects of GASB 68 recording of the City's proportionate share of OPERS pension expense relating to employees in general government departments in the amount of \$653,720.

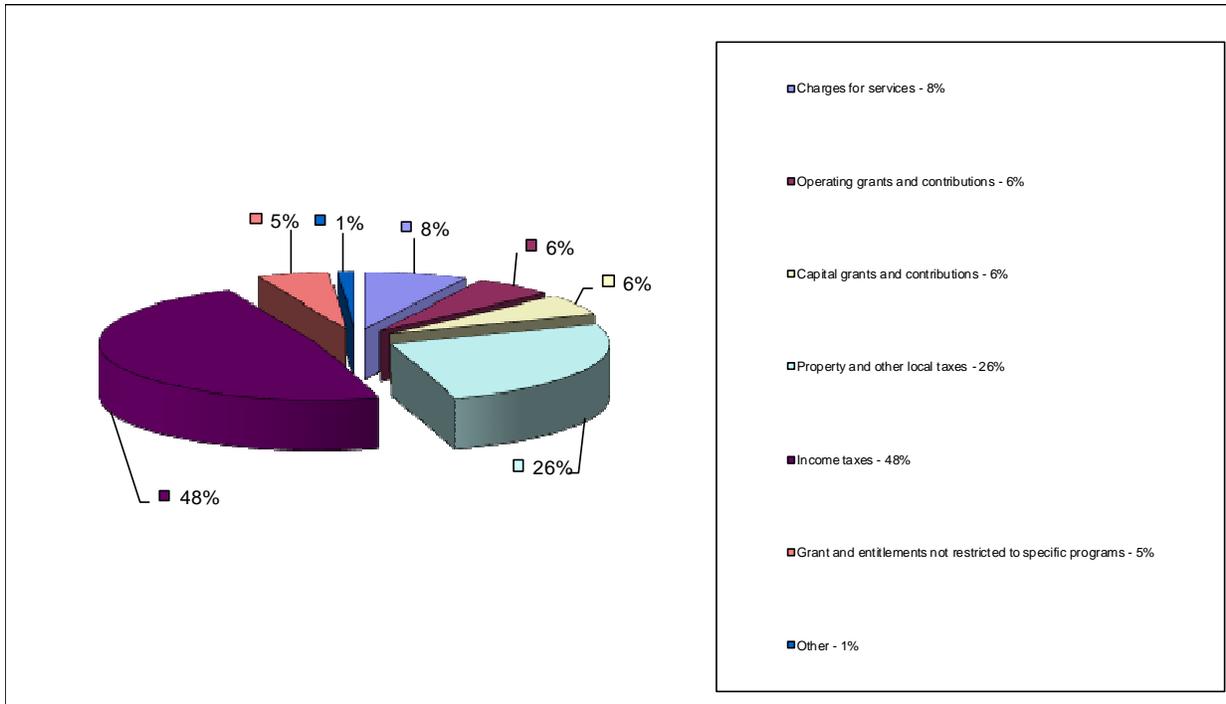
Leisure time activities expense increased \$265,833 or 6.5 percent, which is also due to the effects of GASB 68 recording of the City's proportionate share of OPERS expense relating to employees in leisure time activities department in the amount of \$200,243.

There were overall increases in each governmental activities expense functions other than interest and fiscal charges. Most of the increases in the functionalized expense categories are due to pension expense included in these categories.

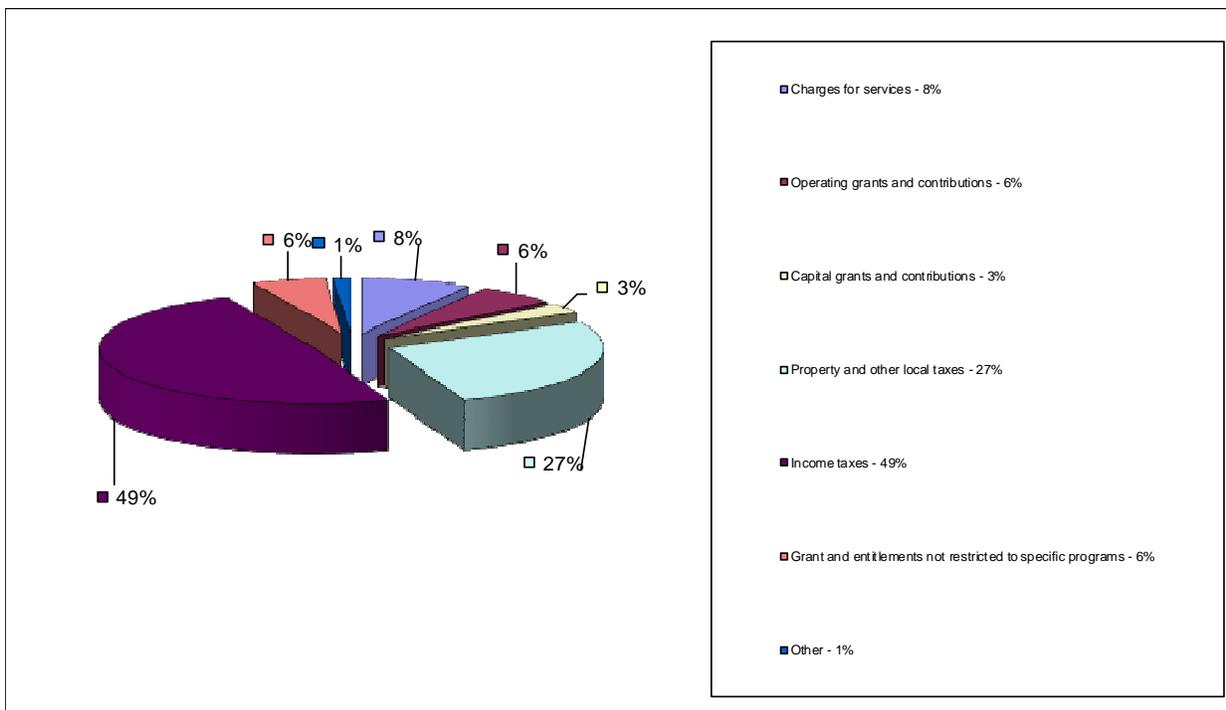
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City of Cuyahoga Falls, Ohio

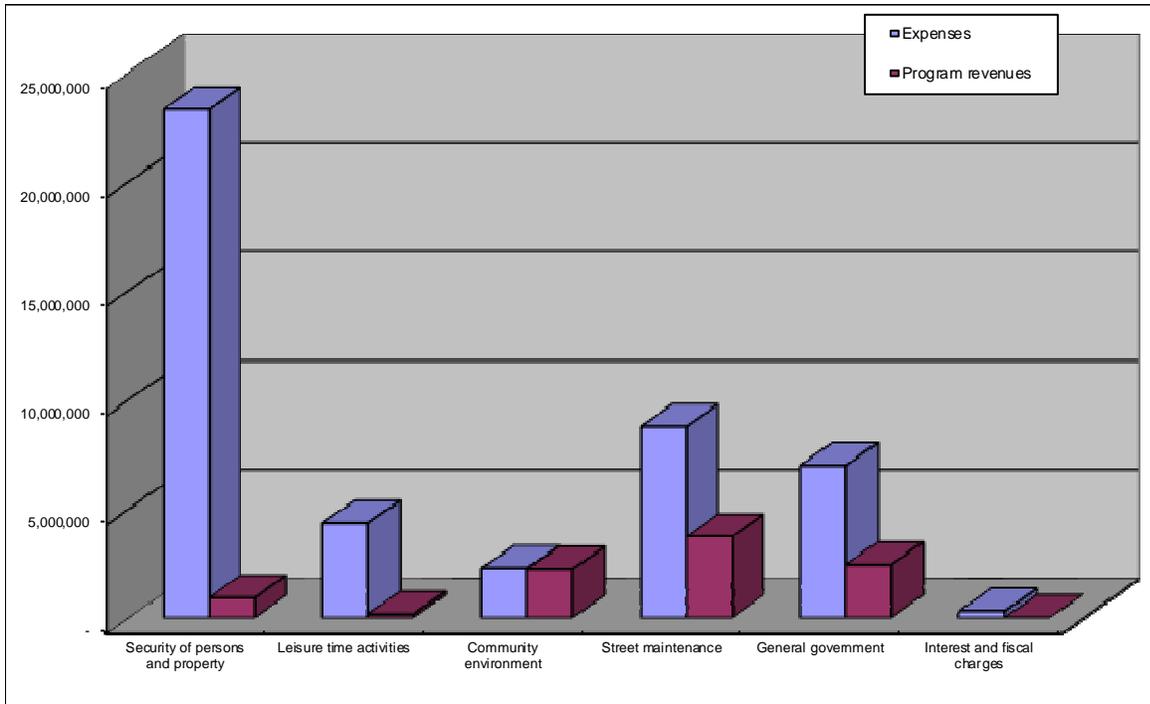
2017 Revenues by Source – Governmental Activities



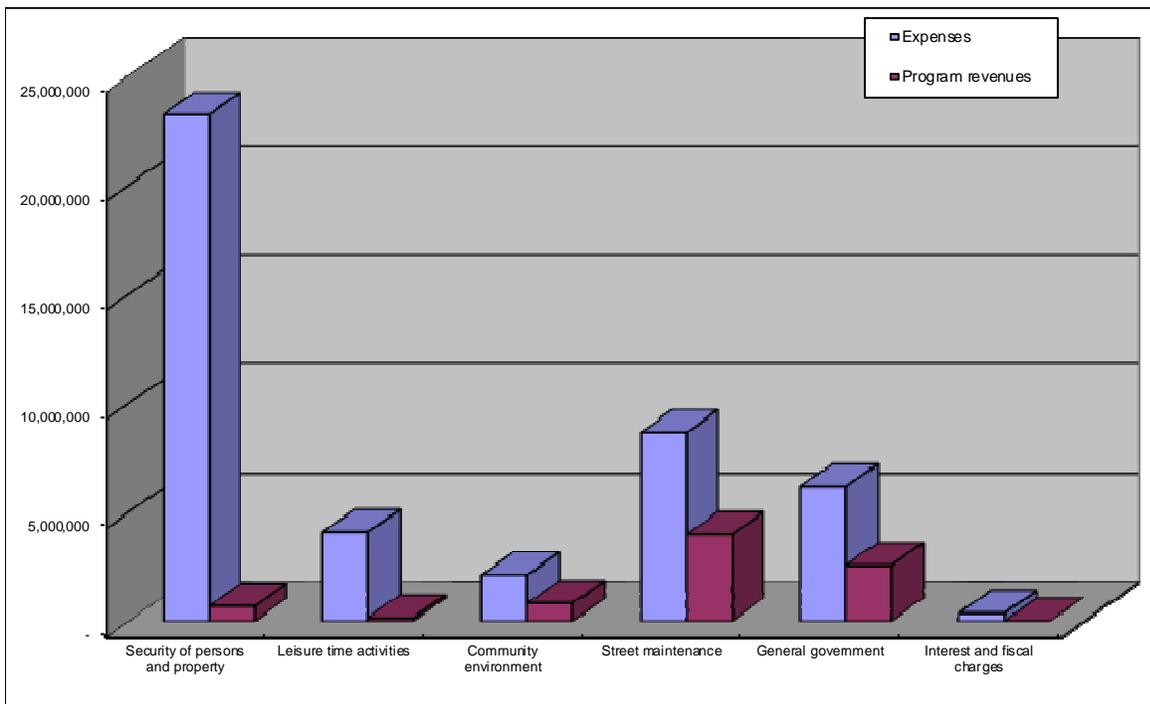
2016 Revenues by Source – Governmental Activities



2017 Expenses and Program Revenues – Governmental Activities



2016 Expenses and Program Revenues – Governmental Activities



City of Cuyahoga Falls, Ohio

Business-type activities. Business-type activity net position increased by \$5.478 million. Key elements of changes in net position are as follows:

- ❖ Water charges for services increased by \$504,363 or 9.8 percent.
- ❖ Electric charges for services increased by \$1,499,661 or 3.2 percent.
- ❖ Storm Drainage Utility charges for services increased by \$129,019 or 11.4 percent.
- ❖ Water expenses increased by \$424,147 or 10.6 percent.
- ❖ Electric expenses increased by \$1.419 million or 3.0 percent.
- ❖ Sanitation expenses increased by \$422,946 or 12.2 percent.

Water charges for services increase is a result of cash transactions being \$513,906 higher in 2017 due to an increase in the commercial revenue payments received from customers (\$123,054) and surcharge high pressure revenue (\$368,242) associated with increased development in the City. The impact of accruals from 2016 to 2017 was minimal.

Electric charges for services increase is a result of cash transactions being \$573,583 higher in 2017 coupled with an increase of accounts receivable from 2016 to 2017 in the amount of \$2.453 million, which as discussed previously, is related to the timing of unbilled electric service (\$557,552) and a portion of power costs associated with the power cost factor (\$1,803,042) which is consumed in the reporting period and billed in the subsequent period. The increase in cash basis charges for services is due to an approximate 1.5 percent kWh rate increase.

Storm Drainage Utility charges for services increase is a result of cash basis storm drainage fees being \$77,654 higher in 2017 than 2016 relating to payments received from customers coupled with an increase in net accrued revenue of \$41,688.

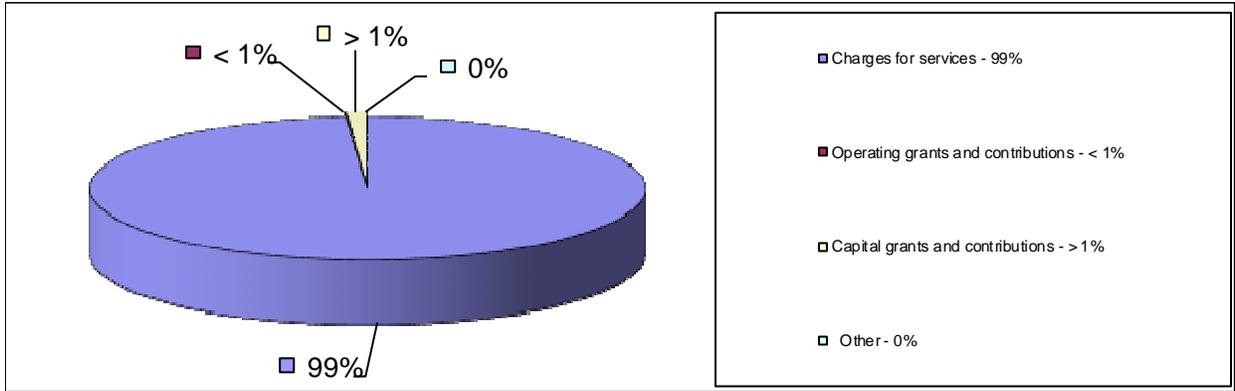
Water expenses increase is attributable to an overall increase in cash basis transactions in the amount of \$228,453, with the largest expense category increase over 2016 being other operations (\$103,364), and materials and supplies (\$59,134). In addition, the GASB 68 pension expense included in fringe benefits was \$216,635 higher in 2017.

Electric expense increase is due in part to an overall increase in cash basis transactions in the amount of \$346,784, which is related to personal services (\$172,360) and fringe benefits expense (\$108,322). Also, similar to the above analysis, GASB 68 pension expense accrual was \$494,690 higher in 2017.

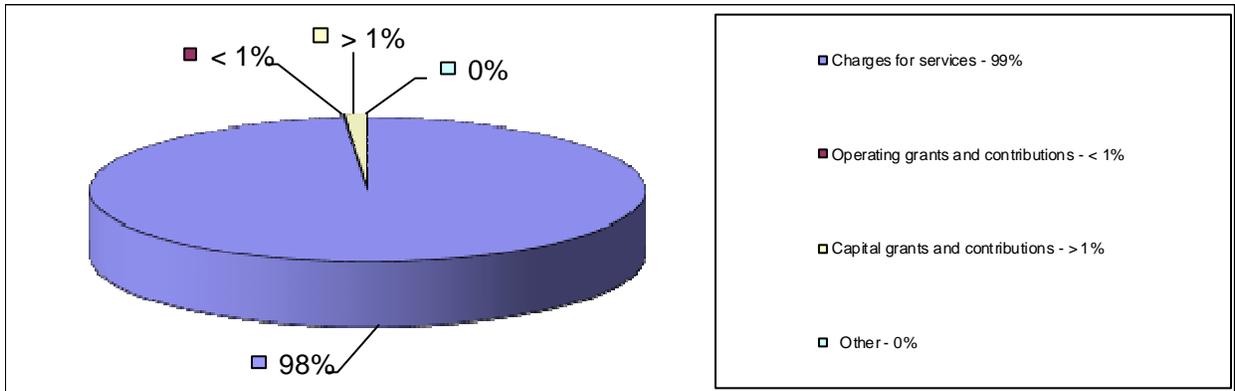
Sanitation expenses increase is attributable to an overall increase in cash basis transactions in the amount of \$356,761, with the largest expense category increase over 2016 being contractual services (\$157,072) due to refuse disposal, and internal charges (\$103,364) associated with the the maintenance and repair of Sanitation vehicles by the City Garage, which was outsourced in past years and expensed to other operations. Also, similar to the above analysis, GASB 68 pension expense accrual was \$163,237 higher in 2017.

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2017 Revenue by Source – Business-type Activities

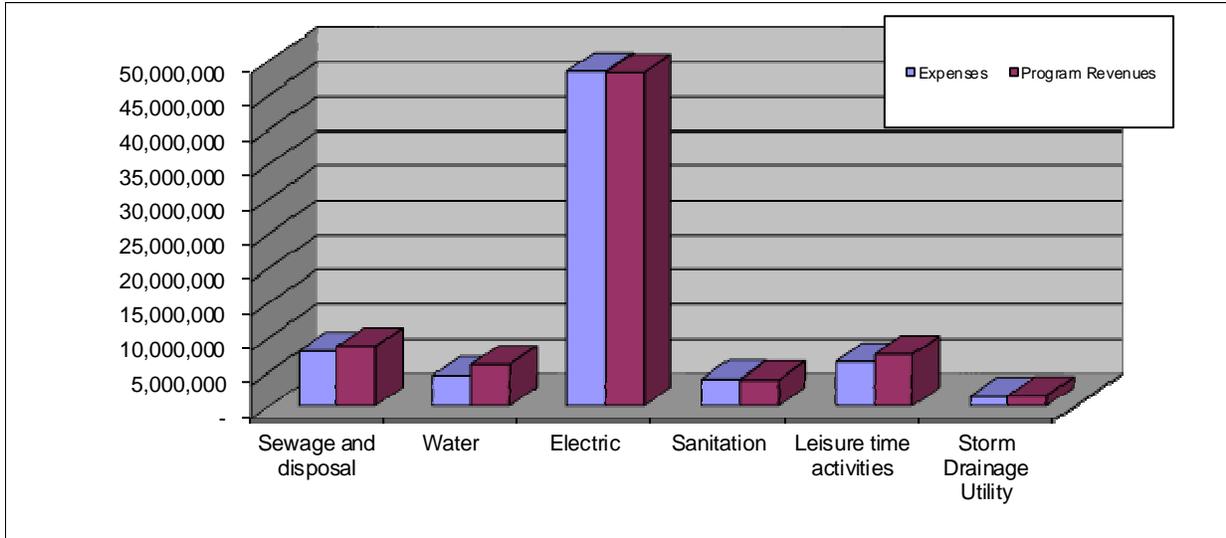


2016 Revenue by Source – Business-type Activities

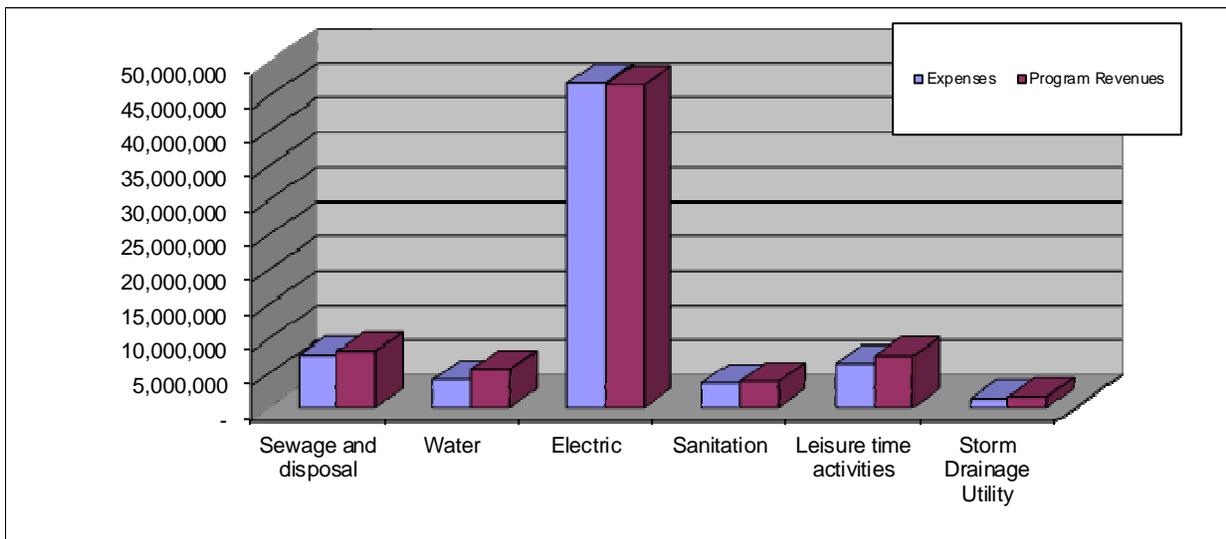


City of Cuyahoga Falls, Ohio

2017 Expenses and Program Revenues – Business-type Activities



2016 Expenses and Program Revenues – Business-type Activities



Financial Analysis of Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds. The focus of the City's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2017, the City's governmental funds reported combined ending fund balances of \$15.844 million, which represents an decrease of \$6.490 million in comparison with the prior year. This decrease is mostly due to expenditures exceeding revenues by \$4,208 million, coupled with transfers out exceeding transfers in by \$2.267 million.

Capital Projects Fund expenditures were \$16.798 million in 2017, which exceeded that of the prior year by \$9.564 million, or 125.3 percent. Expenditures in the Capital Projects Fund are tracked using project accounting. The most significant spending was made on the Downtown Circulation Project, in which the governmental portion includes street improvements to a portion of Front Street, which had been closed to vehicular traffic as a pedestrian mall for over 40 years, and parking deck upgrades, which includes structural improvements to the three downtown parking decks (Red, Blue, and Green) which are free of charge to the public. The third significant item was the early stages of Howe Avenue rebuild. See the Capital Assets and Debt Administration section below for more details.

Security of persons and property expenditures were \$721,472 more in 2017 than 2016, \$577,076 of which pertains to cash basis transactions being higher in the General Fund, Police Pension Fund and Fire Pension Funds which is attributable to salary and benefits for Police and Firefighters.

Municipal income taxes increased \$1,399,024 in 2017, which is mostly due to cash basis transactions being higher in 2017. Intergovernmental revenue increased \$735,887, primarily due to grants recorded in the Capital Projects Fund, which were categorized as capital grants in the governmental activities section of the entity-wide statements and discussed in the related analysis earlier in this document.

In regard to the current combined ending fund balances, \$7.262 million is unassigned fund balance, which is available for spending at the City's discretion. The next largest fund balance classification comprising of approximately \$6.146 million constitutes restricted fund balance, which is legally restricted for use based on constraints externally imposed, typically through grant agreements, State statute and debt covenants.

The General Fund is the chief operating fund of the City. At December 31, 2017, unassigned fund balance of the General Fund was \$10.263 million, while total fund balance was \$11.681 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures, including transfers out. Unassigned fund balance represents 32.87 percent of total general fund expenditures, including transfers out, while total fund balance represents 37.41 percent of the same amount.

The fund balance of the City's General Fund increased by \$424,254 during 2017. Revenues, including transfers in were \$404,927 greater than expenditures, including transfers out. This fund balance decrease was due to several factors:

- ❖ The General Fund revenues were \$5.607 million greater than expenditures in 2017.
- ❖ The General Fund portion of income taxes increased by \$902,817 or 6.2 percent, based on an improving economy and commercial and residential development in the City.

The fund balance of the City's Capital Projects Fund decreased by \$7.065 million during 2017. As discussed above, this attributable to the increased capital outlay spending of \$9.564 million in 2017.

City of Cuyahoga Falls, Ohio

Proprietary Funds. The City's proprietary funds provide the same information found in the government-wide financial statements business-type activities, but in more detail.

Unrestricted net position at the end of the year amounted to \$2.484 million, \$3.820 million, \$19.868 million, \$1.507 million, \$158,675, and \$21,210 for the Sewage and Disposal, Water, Electric, Sanitation, Leisure Time, and Storm Drainage Utility Funds, respectively.

The Sewer, Water, Electric, Sanitation, Leisure Time and Storm Drainage Utility Funds total net position increased \$760,481, or 4.1 percent, \$1.105 million, or 5.7 percent, \$2.149 million or 5.2 percent, (\$46,120), or (1.1) percent, \$1.468 million, or 8.3 percent, and \$261,647, or 2.2 percent, respectively, from 2016 to 2017.

Many of the changes to the proprietary funds parallel that of business-type activities, with the exception of the elimination of some charges between business-type activities functions. The changes were discussed in that analysis.

General Fund Budgetary Highlights

The final amended General Fund budget had total appropriations of \$238,506 greater than the original budget. The total original appropriations, including those for transfers out, were \$35,427,025, while the final appropriations were \$35,665,531. This was due to additional transfer of interest earnings to the Capital Projects Fund (\$108,000) for capital outlay purposes, additional transfers to the Street Construction, Maintenance and Repair Special Revenue Fund (\$100,000) to subsidize the fund for decreasing fees, licenses and permit revenue, additional other operations for the General Fund, Building and Grounds Maintenance Department (\$15,506) for the local grant share of the Oakwood Cemetery Chapel stain glass window panel restoration, and additional other operations for the General Fund, Community / Economic Development Department (\$12,000) for the local share of a Pipeline Initiative grant. The final revenue budget was \$657,489 higher than the original primarily due to municipal income taxes (\$352,133), investment earnings (\$105,000), admissions taxes (\$93,000) and property taxes (\$30,954) being higher than anticipated.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for governmental and business-type activities as of December 31, 2017, amounts to \$222.944 million (net of accumulated depreciation). This investment in capital assets include land, construction in progress, buildings, improvements, machinery and equipment, as well as, infrastructure (from 1980 to current), including roads, sidewalks, bridges, curbs and gutters. The total increase in the City's investment in capital assets for 2017 was \$13,936 million, which amounts to 6.67 percent.

City of Cuyahoga Falls Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 12,029,687	\$ 10,485,381	\$ 3,589,128	\$ 3,589,128	\$ 15,618,815	\$ 14,074,509
Construction in Progress	10,293,070	1,214,233	72,551	1,899,885	10,365,621	3,114,118
Buildings	15,415,589	15,555,625	26,744,508	26,898,791	42,160,097	42,454,416
Improvements	7,739,096	7,877,753	75,229,026	69,806,228	82,968,122	77,683,981
Machinery and Equipment	9,692,989	9,036,705	6,384,651	6,400,242	16,077,640	15,436,947
Infrastructure	55,753,383	56,243,452	-	-	55,753,383	56,243,452
Total	\$ 110,923,814	\$ 100,413,150	\$ 112,019,864	\$ 108,594,274	\$ 222,943,678	\$ 209,007,424

City of Cuyahoga Falls, Ohio

Major capital asset events during 2017 were as follows:

In 2017, the City purchased additional equipment for Safety Forces out of the Capital Projects Fund including new digital radios and accessories for the Fire Department totaling \$481,089. In addition, a new ambulance was purchased for \$256,278, as well as additional turnout gear for \$33,242. The Police Department received six new patrol cars for \$200,902. The City also purchased Dispatch Consoles for \$273,852 in the first phase of integrating with other municipalities for Dispatch Operation Consolidation.

The largest projects funded out of the Capital Projects Fund that are still under construction carry the following balances at the end of the year: Howe Road Rebuild - \$688,844; Downtown Circulation Project - \$6,822,743; and Downtown Circulation Parking - \$2,409,282.

The Recreation Levy Fund capitalized the Waterworks Bathroom Renovation Project after two years of construction for \$209,471. The Fund also paid \$263,050 for a new roof at the Quirk Cultural Center. Finally, money was allocated to purchase playground equipment for the new Woodridge Elementary School for \$116,600.

Lastly, the largest projects, which were funded out of the various Enterprise Funds, were capitalized at the end of the year for the following amounts: Sewer Fund – 18th Street Sanitary Sewer Replacement for \$563,319; Electric Fund – Substation #5 Rebuild for \$3,164,224; and Leisure Fund – Natatorium Roof Replacement for \$567,317.

For more detailed information on capital asset activity, refer to Note 6-Capital Assets in the Notes to the Financial Statements section.

Assets held for resale. As of December 31, 2017, the City currently does not have any interest in development projects held for resale.

Long-term debt. At December 31, 2017, the City had \$22.940 million of long-term bonds and capital leases outstanding.

City of Cuyahoga Falls						
General Obligation Bonds and Capital Leases Outstanding						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
G. O. bonds	\$ 6,062,137	\$ 6,627,326	\$ 12,593,276	\$ 14,490,226	\$ 18,655,413	\$ 21,117,552
Capital leases	218,685	600,146	4,066,260	5,999,194	4,284,945	6,599,340
Total	\$ 6,280,822	\$ 7,227,472	\$ 16,659,536	\$ 20,489,420	\$ 22,940,358	\$ 27,716,892

More detailed information regarding the City’s capital leases and long-term debt activity is available in Note 11 and Note 13 on page 87, and pages 89-91, respectively.

City of Cuyahoga Falls, Ohio

Economic Factors and Next Year's Budget

The City of Cuyahoga Falls' elected and appointed officials consider many factors through a lengthy budget process. The economic state of the State and Nation obviously have a direct impact on municipalities. The City prioritizes each department's basic mission. The City is in the process of negotiating multi-year employee bargaining agreements with the various unions which expire on June 30, 2018. The outcome of these negotiations could impact financial position in future years. The City's plan is to be able to forecast far enough into the future to have the ability and time to handle any financial situation that may occur.

The administration realizes the only meaningful way to grow revenue will be through development, both residential and commercial, job creation and expansion, and maintaining our housing stock and municipal infrastructure. The City is currently working with developers for residential growth. The City continues to work with companies looking to relocate or expand within its borders. The Portage Crossing project is a valuable asset and will provide an economic boost to the City for years to come. Attracting new businesses, such as Menards, which is scheduled to open in 2018, and promoting expansion, such as what has occurred in recent years with Kyocera-SGS Precision Tools and Harbor Castings continue to be a focus of the Mayor and the administration. The City is in the process of completing the Downtown Circulation Project, which includes street improvements to a portion of Front Street, which had been closed to vehicular traffic as a pedestrian mall for over 40 years, and parking deck upgrades, which includes structural improvements to the three downtown parking decks (Red, Blue, and Green) which are free of charge to the public. Although the City is working to finalize the project, Front Street was reopened to traffic on February 3, 2018. The City's administration feels this downtown renewal and redevelopment project will add many commercial and entertainment opportunities, and enhance the long-term health of our City. The Community Development Department has a diligent housing division along with the assistance of Community Development Block Grant funds to assist the needy to maintain the City's housing stock. To maintain City infrastructure, the City transfers 29.33% of net income tax dollars into the Capital Projects Fund to maintain our infrastructure.

In conclusion, the recording of GASB Statement No. 68 requires the reader to perform additional calculations to determine the City's total net position at December 31, 2017 without the recording of GASB Statement No. 68. This is an important exercise, as the State Pension Systems (OPERS & OP&F) collect, hold and distributes pensions to our employees, not the City of Cuyahoga Falls. These calculations are as follows:

City of Cuyahoga Falls, Ohio - Implementation of GASB 68 effect on Net Position			
	Governmental Activities	Business-type Activities	Total
Total net position at December 31, 2017 (With GASB 68)	\$ 84,164,817	\$ 117,245,472	\$ 201,410,289
GASB 68 calculations:			
Add:			
Deferred Inflows related to pension	483,938	135,717	619,655
Net pension liability	46,617,671	14,439,013	61,056,684
Less:			
Deferred outflows related to pensions	(11,624,955)	(5,717,596)	(17,342,551)
Net pension asset	(40,697)	(39,747)	(80,444)
Total net position at December 31, 2017 (Without GASB 68)	119,600,774	126,062,859	245,663,633

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show accountability for the money it receives. This report is also available on the City's website at www.cityofcf.com. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Cuyahoga Falls Finance Department, 2310 Second Street, Cuyahoga Falls, Ohio, 44221.

BASIC FINANCIAL STATEMENTS

City of Cuyahoga Falls, Ohio

Statement of Net Position December 31, 2017

	Primary Government		Total	Component Unit
	Governmental Activities	Business-type Activities		CIC of Cuyahoga Falls
Assets				
Equity in pooled cash and cash equivalents	\$ 9,132,507	\$ 9,081,498	\$ 18,214,005	30,921
Cash and cash equivalents - restricted accounts	-	-	-	35,546
Investments	15,757,585	15,691,970	31,449,555	-
Investments - restricted	237,000	-	237,000	-
Accounts receivable (net of allowance for uncollectibles)	816,656	11,389,016	12,205,672	-
Loans receivable	2,332,993	-	2,332,993	2,913
Taxes receivable	13,646,462	-	13,646,462	-
Special assessments receivable	78,944	243,953	322,897	-
Accrued interest receivable	61,297	-	61,297	46
Due from other governments	3,196,403	126,828	3,323,231	-
Inventory of supplies	1,161,247	4,254,397	5,415,644	-
Prepaid items	165,898	135,713	301,611	477
Internal balances	1,790,353	(1,790,353)	-	-
Investment in joint ventures	-	2,603,042	2,603,042	-
Regulated asset	-	1,900,295	1,900,295	-
Net pension asset	40,697	39,747	80,444	-
Nondepreciable capital assets	22,322,757	3,661,679	25,984,436	163,890
Depreciable capital assets	88,601,057	108,358,185	196,959,242	209,150
Total assets	159,341,856	155,695,970	315,037,826	442,943
Deferred Outflows of Resources				
Pension	11,624,955	5,717,596	17,342,551	-
Advance refunding of debt	-	203,611	203,611	-
Total deferred outflows of resources	11,624,955	5,921,207	17,546,162	-
Liabilities				
Accounts payable	2,990,617	3,967,149	6,957,766	8,398
Accrued salaries, wages and benefits	457,468	161,071	618,539	-
Accrued interest payable	70,520	52,233	122,753	-
Due to other governments	161,169	1,131,551	1,292,720	-
Unearned Revenue	-	78,727	78,727	-
Deposit held and due to others	-	1,243,426	1,243,426	-
Notes payable	7,155,000	4,585,000	11,740,000	-
Current portion of:				
Accrued compensated absences	2,270,055	-	2,270,055	-
Claims and judgments payable	610,428	-	610,428	-
Capital leases	104,773	2,013,250	2,118,023	-
Payable to AMP	-	167,322	167,322	-
Bonds payable	219,000	1,541,000	1,760,000	-
Long-term portion of:				
Net pension liability	46,617,671	14,439,013	61,056,684	-
Accrued compensated absences	6,897,864	-	6,897,864	-
Claims and judgments payable	67,698	-	67,698	-
Other post-employment benefit obligation	2,907,638	-	2,907,638	-
Capital leases	113,912	2,053,010	2,166,922	-
Payable to Joint Venture	-	17,987	17,987	-
Payable to AMP	-	1,732,973	1,732,973	-
Bonds payable	5,843,137	11,052,276	16,895,413	-
Total liabilities	76,486,950	44,235,988	120,722,938	8,398
Deferred Inflows of Resources				
Revenues levied for the next year	9,831,106	-	9,831,106	-
Pension	483,938	135,717	619,655	-
Total deferred inflows of resources	10,315,044	135,717	10,450,761	-
Net Position				
Net investment in capital assets	97,475,296	90,978,939	188,454,235	-
Restricted for:				
Capital projects	4,570,176	-	4,570,176	-
Debt service	14,198	-	14,198	-
Special revenue - Community Development Block Grant	2,746,843	-	2,746,843	-
CIC - Community Development	-	-	-	408,586
Permanent fund purpose - Cemetery Perpetual Care	244,782	-	244,782	-
Unrestricted	(20,886,478)	26,266,533	5,380,055	25,959
Total net position	\$ 84,164,817	\$ 117,245,472	\$ 201,410,289	434,545

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Activities For the Year Ended December 31, 2017

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Security of persons and property	\$ 23,275,147	\$ 519,205	\$ 137,148	\$ 240,465
Leisure time activities	4,339,549	12,324	-	145,697
Community environment	2,271,132	125,102	557,547	1,548,283
Street maintenance	8,762,258	811,739	2,053,235	849,573
General government	6,958,634	2,303,281	121,619	-
Interest and fiscal charges	303,622	-	-	-
Total governmental activities	45,910,342	3,771,651	2,869,549	2,784,018
Business-type activities:				
Sewage and disposal	7,934,156	8,333,630	-	273,475
Water	4,427,961	5,647,624	-	318,725
Electric	48,275,772	48,079,266	4,183	-
Sanitation	3,886,703	3,715,767	56,972	-
Leisure time activities	6,381,113	7,465,484	-	-
Storm drainage utility	1,413,989	1,204,178	-	315,940
Total business-type activities	72,319,694	74,445,949	61,155	908,140
Total primary government	\$ 118,230,036	\$ 78,217,600	\$ 2,930,704	\$ 3,692,158
Component Unit - CIC of Cuyahoga Falls	\$ 28,078	115	-	126,225
General revenues:				
Property and other local taxes levied for:				
General purposes				
Special revenue				
Income tax levied for:				
General purposes				
Special revenue				
Capital projects				
Grants and entitlements not restricted to specific programs				
Investment earnings				
Transfers				
Total general revenue and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

(Continued)

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	CIC of Cuyahoga Falls
\$ (22,378,329)	\$ -	\$ (22,378,329)	\$ -
(4,181,528)	-	(4,181,528)	-
(40,200)	-	(40,200)	-
(5,047,711)	-	(5,047,711)	-
(4,533,734)	-	(4,533,734)	-
(303,622)	-	(303,622)	-
(36,485,124)	-	(36,485,124)	-
-	672,949	672,949	-
-	1,538,388	1,538,388	-
-	(192,323)	(192,323)	-
-	(113,964)	(113,964)	-
-	1,084,371	1,084,371	-
-	106,129	106,129	-
-	3,095,550	3,095,550	-
(36,485,124)	3,095,550	(33,389,574)	-
-	-	-	98,262
11,332,985	-	11,332,985	-
1,424,679	-	1,424,679	-
14,735,011	-	14,735,011	-
1,880,965	-	1,880,965	-
6,896,088	-	6,896,088	-
2,617,007	-	2,617,007	-
584,060	-	584,060	206
(2,382,672)	2,382,672	-	-
37,088,123	2,382,672	39,470,795	206
602,999	5,478,222	6,081,221	98,468
83,561,818	111,767,250	195,329,068	336,077
\$ 84,164,817	\$ 117,245,472	\$ 201,410,289	\$ 434,545

City of Cuyahoga Falls, Ohio

Balance Sheet - Governmental Funds December 31, 2017

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in pooled cash and cash equivalents	\$ 3,432,002	\$ 2,415,286	\$ 1,166,135	\$ 7,013,423
Investments	5,908,438	4,173,386	2,014,961	12,096,785
Investments - restricted accounts	-	-	237,000	237,000
Receivables				
Taxes	12,797,556	-	848,906	13,646,462
Accounts				
(net of allowance for uncollectibles)	106,322	467,582	225,297	799,201
Loans	45,769	-	2,287,224	2,332,993
Special assessments	-	78,944	-	78,944
Accrued interest	60,983	-	314	61,297
Due from other funds	185,428	-	160,000	345,428
Due from other governments	1,537,882	90,827	1,383,077	3,011,786
Inventory of supplies	161,867	-	793,603	955,470
Prepaid items	139,712	-	23,429	163,141
	<u>\$ 24,375,959</u>	<u>\$ 7,226,025</u>	<u>\$ 9,139,946</u>	<u>\$ 40,741,930</u>
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	\$ 91,650	\$ 2,606,460	\$ 238,303	\$ 2,936,413
Accrued salaries, wages and benefits	398,429	-	48,639	447,068
Accrued interest payable	-	49,389	-	49,389
Due to other funds	137,381	-	12,558	149,939
Due to other governments	25,050	-	134,517	159,567
General obligation notes payable	-	7,155,000	-	7,155,000
Total liabilities	<u>652,510</u>	<u>9,810,849</u>	<u>434,017</u>	<u>10,897,376</u>
Deferred Inflows of Resources				
Revenues levied for the next year and unavailable revenue	12,042,725	415,653	1,542,034	14,000,412
Fund Balances				
Nonspendable	301,579	-	1,061,814	1,363,393
Restricted	45,769	-	6,100,378	6,146,147
Committed	-	-	1,703	1,703
Assigned	1,070,830	-	-	1,070,830
Unassigned	10,262,546	(3,000,477)	-	7,262,069
Total fund balances	<u>11,680,724</u>	<u>(3,000,477)</u>	<u>7,163,895</u>	<u>15,844,142</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 24,375,959</u>	<u>\$ 7,226,025</u>	<u>\$ 9,139,946</u>	<u>\$ 40,741,930</u>

See accompanying notes to the basic financial statements

**Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities
December 31, 2017**

Total Governmental Fund Balances \$ 15,844,142

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

Capital assets used in governmental activities (excluding internal service fund capital assets) are not financial resources and therefore are not reported in the funds. Those assets consist of:

Nondepreciable capital assets	\$ 22,300,797	
Depreciable capital assets	<u>88,610,321</u>	110,911,118

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

Investment earnings	18,414	
Delinquent property taxes	259,918	
Grants and entitlements	1,949,432	
Municipal income tax	1,461,150	
Special assessments	78,944	
Charges for services	<u>401,448</u>	4,169,306

Internal service funds are used by the City to account for the financing of goods or services provided by one department to other City departments or agencies, generally on a cost reimbursement basis. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position is:

(5,500,094)

The net pension liability/asset (excluding internal service fund net pension liability/asset) is not due and payable in the current period; therefore, the liability/asset and related deferred inflows/outflows are not reported in governmental funds:

Deferred outflows - pension	11,314,832	
Deferred inflows - pension	(476,577)	
Net pension liability	(45,834,499)	
Net pension asset	<u>38,542</u>	(34,957,702)

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

Accrued interest payable	(21,131)	
Unamortized bond premium	(44,215)	
Unamortized bond discount	16,078	
Capital leases	(218,685)	
Bonds Payable	<u>(6,034,000)</u>	(6,301,953)

Total Governmental Activities Net Position \$ 84,164,817

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Year Ended December 31, 2017

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 8,889,072	\$ -	\$ 512,832	\$ 9,401,904
Municipal income taxes	15,442,803	6,745,900	1,840,000	24,028,703
Other local taxes	2,409,959	-	909,971	3,319,930
State levied shared taxes	2,487,863	-	2,349,294	4,837,157
Intergovernmental	211,153	1,377,542	668,973	2,257,668
Charges for services	928,851	1,260,760	2,870	2,192,481
Fees, licenses and permits	132,763	-	522,934	655,697
Interest earnings	597,004	-	1,488	598,492
Fines and forfeitures	228,490	-	24,899	253,389
Special assessments	-	74,240	-	74,240
Other	301,462	206,693	20,846	529,001
Total revenues	<u>31,629,420</u>	<u>9,665,135</u>	<u>6,854,107</u>	<u>48,148,662</u>
Expenditures				
Current				
Security of persons and property	17,523,848	-	2,476,026	19,999,874
Leisure time activities	2,025,499	-	1,751,448	3,776,947
Community environment	1,346,023	-	451,882	1,797,905
Street maintenance	-	-	3,367,710	3,367,710
General government	5,118,416	-	715	5,119,131
Capital outlay	-	16,798,474	245,000	17,043,474
Debt Service				
Principal	9,082	372,255	573,062	954,399
Interest	32	25,722	271,556	297,310
Total expenditures	<u>26,022,900</u>	<u>17,196,451</u>	<u>9,137,399</u>	<u>52,356,750</u>
Excess (deficiency) of revenues				
Over (under) expenditures	<u>5,606,520</u>	<u>(7,531,316)</u>	<u>(2,283,292)</u>	<u>(4,208,088)</u>
Other Financing Sources (Uses)				
Transfers in	-	510,000	2,425,000	2,935,000
Transfers out	<u>(5,201,593)</u>	<u>-</u>	<u>-</u>	<u>(5,201,593)</u>
Total other financing sources (uses)	<u>(5,201,593)</u>	<u>510,000</u>	<u>2,425,000</u>	<u>(2,266,593)</u>
Net change in fund balances	404,927	(7,021,316)	141,708	(6,474,681)
Fund balance at beginning of year	11,255,969	4,020,839	7,057,678	22,334,486
Change in nonspendable inventory	17,057	-	(36,557)	(19,500)
Change in nonspendable prepaid items	2,771	-	1,066	3,837
Fund balance at end of year	<u>\$ 11,680,724</u>	<u>\$ (3,000,477)</u>	<u>\$ 7,163,895</u>	<u>\$ 15,844,142</u>

See accompanying notes to the basic financial statements

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, 2017

Net Change in Fund Balances - Total Governmental Funds \$ (6,474,681)

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 additions exceeded depreciation in the current period.

Capital additions	\$ 15,574,046	
Current year depreciation	<u>(4,777,594)</u>	10,796,452

In the statement of activities, only the loss on the disposal of assets is reported, whereas, in the governmental funds, the proceeds from the disposal increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets. (241,489)

Governmental funds report expenditures for inventory of supplies and prepaid items when purchased. However, in the statement of activities, they are reported as an expense when consumed. (15,663)

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

Investment earnings	(32,081)	
Delinquent property taxes	34,378	
Grants and entitlements	150,085	
Municipal income tax	(516,639)	
Special assessments	(8,017)	
Charges for services	<u>62,069</u>	(310,205)

Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. (35,744)

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (3,463,904)

Repayment of bond principal and capital lease payments are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 954,399

In the statement of activities, interest is accrued on outstanding debt, whereas in the governmental funds an interest expenditure is reported when due. 1,499

Premiums and discounts on bonds issued are recognized as revenues and expenses, respectively in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities. (7,811)

Internal service funds are used by the City to account for the financing of goods or services provided by one department to other City departments or agencies, generally on a cost reimbursement basis. The revenues (expenses) of the internal service funds are allocated among the governmental activities. (599,854)

Change in Net Position of Governmental Activities \$ 602,999

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 8,854,404	\$ 8,885,358	\$ 8,889,072	\$ 3,714
Municipal income taxes	15,061,337	15,413,470	15,365,652	(47,818)
Other local taxes	2,349,800	2,412,800	2,399,446	(13,354)
State levied shared taxes	2,498,293	2,487,041	2,487,405	364
Intergovernmental	210,813	207,813	212,455	4,642
Charges for services	3,766,605	3,848,447	3,835,898	(12,549)
Fees, licenses, and permits	114,605	137,105	131,563	(5,542)
Interest earnings	450,000	555,000	557,977	2,977
Fines and forfeitures	252,000	229,500	229,318	(182)
Other	227,718	266,530	339,434	72,904
Total revenues	33,785,575	34,443,064	34,448,220	5,156
Expenditures				
Current				
Security of persons and property	18,048,695	18,048,696	17,609,945	438,751
Leisure time activities	2,365,481	2,365,481	2,229,013	136,468
Community environment	1,479,499	1,491,499	1,387,909	103,590
General government	8,470,796	8,489,301	7,864,801	624,500
Debt Service				
Principal	9,084	9,084	9,082	2
Interest	42	42	32	10
Total expenditures	30,373,597	30,404,103	29,100,782	1,303,321
Excess (deficiency) of revenues over (under) expenditures	3,411,978	4,038,961	5,347,438	1,308,477
Other Financing (Uses)				
Transfers out	(5,053,428)	(5,261,428)	(5,201,593)	59,835
Total other financing (uses)	(5,053,428)	(5,261,428)	(5,201,593)	59,835
Net change in fund balances	(1,641,450)	(1,222,467)	145,845	1,368,312
Fund balance at beginning of year	8,728,788	8,728,788	8,728,788	-
Prior year encumbrances appropriated	261,456	261,456	261,456	-
Fund balance at end of year	\$ 7,348,794	\$ 7,767,777	\$ 9,136,089	\$ 1,368,312

See accompanying notes to the basic financial statements

Statement of Net Position - Proprietary Funds
December 31, 2017

	Business-type Activities - Enterprise Funds						Total
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	
Assets							
Current Assets							
Equity in pooled cash and cash equivalents	\$ 1,170,245	\$ 1,562,240	\$ 4,270,815	\$ 847,622	\$ 1,139,974	\$ 90,602	\$ 9,081,498
Investments	2,022,073	2,699,402	7,379,564	1,464,612	1,969,767	156,552	15,691,970
Receivables							
Accounts							
(net of allowance for uncollectibles)	1,082,721	659,844	9,159,631	326,262	74,533	86,025	11,389,016
Special assessments	42,003	22,557	-	-	-	179,393	243,953
Due from other funds	39,256	-	761,024	14,716	-	15,802	830,798
Due from other governments	109,681	-	17,147	-	-	-	126,828
Inventory of supplies	30,027	506,331	3,532,284	92,073	93,593	89	4,254,397
Prepaid items	15,065	21,681	40,029	9,251	49,240	447	135,713
Investment in joint ventures	-	-	2,603,042	-	-	-	2,603,042
Total current assets	4,511,071	5,472,055	27,763,536	2,754,536	3,327,107	528,910	44,357,215
Noncurrent Assets							
Net pension asset	3,187	5,898	13,284	4,548	11,069	1,761	39,747
Regulated asset	-	-	1,900,295	-	-	-	1,900,295
Capital Assets							
Land	93,459	135,605	530,756	152,781	1,787,907	888,620	3,589,128
Buildings	522,680	1,077,688	1,052,066	412,886	36,529,712	11,700	39,606,732
Improvements other than buildings	31,652,808	35,522,943	48,676,973	257,918	4,625,458	14,058,841	134,794,941
Equipment	1,662,467	2,052,585	7,389,118	5,183,889	781,478	709,013	17,778,550
CIP	-	13,602	58,949	-	-	-	72,551
Less: Accumulated depreciation	(14,982,115)	(17,768,609)	(30,190,084)	(3,452,246)	(14,166,112)	(3,262,872)	(83,822,038)
Total noncurrent assets	18,952,486	21,039,712	29,431,357	2,559,776	29,569,512	12,407,063	113,959,906
Total assets	23,463,557	26,511,767	57,194,893	5,314,312	32,896,619	12,935,973	158,317,121
Deferred Outflows of Resources							
Pension	458,446	848,416	1,910,907	654,276	1,592,270	253,281	5,717,596
Advance refunding of debt	-	-	-	-	203,611	-	203,611
Total deferred outflows of resources	458,446	848,416	1,910,907	654,276	1,795,881	253,281	5,921,207
Liabilities							
Current Liabilities							
Accounts payable	52,142	53,803	3,601,807	93,284	52,607	113,506	3,967,149
Accrued salaries, wages and benefits	15,568	28,457	57,427	23,803	33,019	2,797	161,071
Accrued compensated absences	-	-	-	-	-	-	-
Accrued interest payable	5,787	8,299	12,805	-	25,342	-	52,233
Unearned revenue	-	-	-	-	78,727	-	78,727
Due to other funds	143,723	246,540	3,865	116,239	518,119	28	1,028,514
Due to other governments	1,102,755	6,415	11,290	5,225	5,097	769	1,131,551
Deposits held and due to others	-	-	1,243,426	-	-	-	1,243,426
Claims and judgments payable	-	-	-	-	-	-	-
Capital lease obligations	599,410	396,183	941,680	29,968	-	46,009	2,013,250
Payable to AMP	-	-	167,322	-	-	-	167,322
General obligation notes payable	780,000	1,950,000	1,855,000	-	-	-	4,585,000
General obligation bonds payable	161,000	655,000	-	-	725,000	-	1,541,000
Total current liabilities	2,860,385	3,344,697	7,894,622	268,519	1,437,911	163,109	15,969,243
Noncurrent Liabilities							
Net pension liability	1,157,744	2,142,554	4,825,732	1,652,288	4,021,065	639,630	14,439,013
Accrued compensated absences	-	-	-	-	-	-	-
Claims and judgments payable	-	-	-	-	-	-	-
Other post-employment benefit obligation	-	-	-	-	-	-	-
Capital lease obligations	625,542	413,457	982,737	31,274	-	-	2,053,010
Payable to joint venture	-	-	17,987	-	-	-	17,987
Payable to AMP	-	-	1,732,973	-	-	-	1,732,973
General obligation bonds payable	15,556	1,070,582	6,661	-	9,959,477	-	11,052,276
Total noncurrent liabilities	1,798,842	3,626,593	7,566,090	1,683,562	13,980,542	639,630	29,295,259
Total liabilities	4,659,227	6,971,290	15,460,712	1,952,081	15,418,453	802,739	45,264,502
Deferred Inflows of Resources							
Pension	10,883	20,138	45,359	15,530	37,795	6,012	135,717
Total deferred inflows of resources	10,883	20,138	45,359	15,530	37,795	6,012	135,717
Net Position							
Net investment in capital assets	16,767,791	16,548,592	23,731,700	2,493,986	19,077,577	12,359,293	90,978,939
Unrestricted	2,484,102	3,820,163	19,868,029	1,506,991	158,675	21,210	27,859,170
Total net position	\$ 19,251,893	\$ 20,368,755	\$ 43,599,729	\$ 4,000,977	\$ 19,236,252	\$ 12,380,503	\$ 118,838,109
Adjustment to consolidate the internal service fund activities related to enterprise funds.							(1,592,637)
Total net position of business-type activities							\$ 117,245,472

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Net Position - Proprietary Funds December 31, 2017

(Continued)

	Governmental Activities - Internal Service Funds
Assets	
Current Assets	
Equity in pooled cash and cash equivalents	\$ 2,119,084
Investments	3,660,800
Receivables	
Accounts	
(net of allowance for uncollectibles)	17,455
Special assessments	-
Due from other funds	6,176
Due from other governments	184,617
Inventory of supplies	205,777
Prepaid items	2,757
Investment in joint ventures	-
Total current assets	<u>6,196,666</u>
Noncurrent Assets	
Net pension asset	2,155
Regulated asset	-
Capital Assets	
Land	21,960
Buildings	105,958
Improvements other than buildings	260,029
Equipment	165,744
CIP	-
Less: Accumulated depreciation	<u>(540,995)</u>
Total noncurrent assets	<u>14,851</u>
Total assets	<u>6,211,517</u>
Deferred Outflows of Resources	
Pension	310,123
Advance refunding of debt	-
Total deferred outflows of resources	<u>310,123</u>
Liabilities	
Current Liabilities	
Accounts payable	54,204
Accrued salaries, wages and benefits	10,400
Accrued compensated absences	2,270,055
Accrued interest payable	-
Unearned revenue	-
Due to other funds	3,949
Due to other governments	1,602
Deposits held and due to others	-
Claims and judgments payable	610,428
Capital lease obligations	-
Payable to AMP	-
General obligation notes payable	-
General obligation bonds payable	-
Total current liabilities	<u>2,950,638</u>
Noncurrent Liabilities	
Net pension liability	783,172
Accrued compensated absences	6,897,864
Claims and judgments payable	67,698
Other post-employment benefit obligation	2,907,638
Capital lease obligations	-
Payable to joint venture	-
Payable to AMP	-
General obligation bonds payable	-
Total noncurrent liabilities	<u>10,656,372</u>
Total liabilities	<u>13,607,010</u>
Deferred Inflows of Resources	
Pension	7,361
Total deferred inflows of resources	<u>7,361</u>
Net Position	
Net investment in capital assets	12,696
Unrestricted	<u>(7,105,427)</u>
Total net position	<u>\$ (7,092,731)</u>

City of Cuyahoga Falls, Ohio

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds						Total
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	
Operating Revenues							
Charges for services	\$ 8,277,184	\$ 5,400,460	\$ 48,329,310	\$ 3,553,465	\$ 5,487,990	\$ 1,170,471	\$ 72,218,880
Other local taxes	-	-	261	-	-	-	261
Other	166,806	247,164	260,921	184,363	1,977,494	58,866	2,895,614
Total operating revenues	<u>8,443,990</u>	<u>5,647,624</u>	<u>48,590,492</u>	<u>3,737,828</u>	<u>7,465,484</u>	<u>1,229,337</u>	<u>75,114,755</u>
Operating Expenses							
Personal services	718,935	1,342,955	3,105,072	1,027,019	2,318,160	410,141	8,922,282
Fringe benefits	409,512	766,310	1,771,988	609,497	1,112,344	251,459	4,921,110
Purchased power	-	-	33,731,325	-	-	-	33,731,325
Materials and supplies	40,706	374,068	5,252,744	245,256	215,653	36,848	6,165,275
Utilities	40,868	316,110	23,401	15,820	207,357	433	603,989
Contractual services	5,249,410	87,861	275,128	810,545	30,974	183,976	6,637,894
Internal charges	264,691	276,758	1,193,339	434,938	484,799	60,645	2,715,170
Other	370,172	534,283	931,209	294,228	886,059	121,406	3,137,357
Depreciation	777,450	1,047,854	1,785,541	399,695	924,485	332,438	5,267,463
Total Operating Expenses	<u>7,871,744</u>	<u>4,746,199</u>	<u>48,069,747</u>	<u>3,836,998</u>	<u>6,179,831</u>	<u>1,397,346</u>	<u>72,101,865</u>
Net income (loss) from operations	<u>572,246</u>	<u>901,425</u>	<u>520,745</u>	<u>(99,170)</u>	<u>1,285,653</u>	<u>(168,009)</u>	<u>3,012,890</u>
Nonoperating Revenues (Expenses)							
Interest revenue	-	-	-	-	-	-	-
Interest expense	(85,240)	(115,412)	(131,717)	(3,922)	(297,191)	(2,363)	(635,845)
Gain (loss) from disposal of capital assets	-	(204)	(750)	-	(30,809)	-	(31,763)
Grants	-	-	4,183	56,972	-	-	61,155
Total nonoperating revenues (expenses)	<u>(85,240)</u>	<u>(115,616)</u>	<u>(128,284)</u>	<u>53,050</u>	<u>(328,000)</u>	<u>(2,363)</u>	<u>(606,453)</u>
Income (loss) before contributions and transfers	<u>487,006</u>	<u>785,809</u>	<u>392,461</u>	<u>(46,120)</u>	<u>957,653</u>	<u>(170,372)</u>	<u>2,406,437</u>
Capital Contributions	273,475	318,725	-	-	-	432,019	1,024,219
Transfers in	-	-	1,756,165	-	510,428	-	2,266,593
Changes in net position	<u>760,481</u>	<u>1,104,534</u>	<u>2,148,626</u>	<u>(46,120)</u>	<u>1,468,081</u>	<u>261,647</u>	<u>5,697,249</u>
Total net position - beginning	18,491,412	19,264,221	41,451,103	4,047,097	17,768,171	12,118,856	
Total net position - ending	<u>\$ 19,251,893</u>	<u>\$ 20,368,755</u>	<u>\$ 43,599,729</u>	<u>\$ 4,000,977</u>	<u>\$ 19,236,252</u>	<u>\$ 12,380,503</u>	
Adjustment to consolidate the internal service fund activities related to enterprise funds.							(219,027)
Change in net position of business-type activities							<u>\$ 5,478,222</u>

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds For the Year Ended December 31, 2017

(Continued)

	Governmental Activities - Internal Service Funds
Operating Revenues	
Charges for services	\$ 8,539,941
Other local taxes	-
Other	543,030
Total operating revenues	<u>9,082,971</u>
Operating Expenses	
Personal services	1,223,160
Fringe benefits	7,250,276
Purchased power	-
Materials and supplies	907,376
Utilities	11,206
Contractual services	83,466
Internal charges	135,382
Other	264,336
Depreciation	44,299
Total Operating Expenses	<u>9,919,501</u>
Net income (loss) from operations	<u>(836,530)</u>
Nonoperating Revenues (Expenses)	
Interest revenue	17,649
Interest expense	-
Gain (loss) from disposal of capital assets	-
Grants	-
Total nonoperating revenues (expenses)	<u>17,649</u>
Income (loss) before contributions and transfers	<u>(818,881)</u>
Capital Contributions	-
Transfers in	-
Changes in net position	<u>(818,881)</u>
Total net position - beginning	(6,273,850)
Total net position - ending	<u>\$ (7,092,731)</u>

City of Cuyahoga Falls, Ohio

Statement of Cash Flows - Proprietary Funds For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds						Total
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	
Cash Flows From Operating Activities							
Cash received from customers	\$ 8,517,867	\$ 5,839,681	\$ 47,163,914	\$ 3,776,208	\$ 7,457,570	\$ 1,261,791	\$ 74,017,031
Cash payments to employees for services	(714,686)	(1,336,337)	(3,094,524)	(1,021,409)	(2,317,565)	(409,673)	(8,894,194)
Cash payments to employees for benefits	(250,090)	(471,493)	(1,108,738)	(382,084)	(560,968)	(163,690)	(2,937,063)
Cash payments to suppliers for goods and services	(5,935,817)	(1,795,011)	(42,028,127)	(1,938,599)	(1,877,252)	(454,987)	(54,029,793)
Net cash provided by (used in) operating activities	1,617,274	2,236,840	932,525	434,116	2,701,785	233,441	8,155,981
Cash Flows From Non-Capital Financing Activities							
Grant proceeds	-	-	4,183	56,972	-	-	61,155
Transfers in	-	-	1,756,165	-	510,428	-	2,266,593
Net cash provided by non-capital financing activities	-	-	1,760,348	56,972	510,428	-	2,327,748
Cash Flows From Capital and Related Financing Activities							
Acquisition of capital assets	(885,599)	(917,321)	(4,707,927)	(532,874)	(294,270)	(443,754)	(7,781,745)
Proceeds from the sale of capital assets	-	500	-	-	-	-	500
Bond/note proceeds	784,625	1,970,096	1,866,000	-	-	-	4,620,721
Debt service							
Principal	(891,600)	(2,965,225)	(903,264)	(28,776)	(2,341,195)	(44,874)	(7,174,934)
Interest	(95,450)	(157,537)	(123,251)	(3,922)	(374,545)	(2,362)	(757,067)
Net cash provided by (used in) capital and related financing activities	(1,088,024)	(2,069,487)	(3,868,442)	(565,572)	(3,010,010)	(490,990)	(11,092,525)
Cash Flows from Investing Activities							
Interest revenue	-	-	-	-	-	-	-
Sale of investments	108,971	167,535	524,830	97,663	118,974	20,653	1,038,626
Purchase of investments	(2,022,073)	(2,699,402)	(7,379,564)	(1,464,612)	(1,969,767)	(156,552)	(15,691,970)
Net cash provided by (used in) investing activities	(1,913,102)	(2,531,867)	(6,854,734)	(1,366,949)	(1,850,793)	(135,899)	(14,653,344)
Net increase in cash and cash equivalents	(1,383,852)	(2,364,514)	(8,030,303)	(1,441,433)	(1,648,590)	(393,448)	(15,262,140)
Cash and cash equivalents at Beginning of Year	2,554,097	3,926,754	12,301,118	2,289,055	2,788,564	484,050	24,343,638
Cash and cash equivalents at end of year	<u>\$ 1,170,245</u>	<u>\$ 1,562,240</u>	<u>\$ 4,270,815</u>	<u>\$ 847,622</u>	<u>\$ 1,139,974</u>	<u>\$ 90,602</u>	<u>\$ 9,081,498</u>

See accompanying notes to the basic financial state

City of Cuyahoga Falls, Ohio

Statement of Cash Flows - Proprietary Funds For the Year Ended December 31, 2017

(Continued)

	Governmental Activities - Internal Service Funds
Cash Flows From Operating Activities	
Cash received from customers	\$ 8,951,059
Cash payments to employees for services	(1,050,241)
Cash payments to employees for benefits	(6,852,259)
Cash payments to suppliers for goods and services	<u>(1,399,983)</u>
Net cash provided by (used in) operating activities	(351,424)
Cash Flows From Non-Capital Financing Activities	
Grant proceeds	-
Transfers in	<u>-</u>
Net cash provided by non-capital financing activities	-
Cash Flows From Capital and Related Financing Activities	
Acquisition of capital assets	-
Proceeds from the sale of capital assets	-
Bond/note proceeds	-
Debt service	
Principal	(62)
Interest	<u>-</u>
Net cash provided by (used in) capital and related financing activities	(62)
Cash Flows from Investing Activities	
Interest revenue	17,649
Sale of investments	249,413
Purchase of investments	<u>(3,660,800)</u>
Net cash provided by (used in) investing activities	<u>(3,393,738)</u>
Net increase in cash and cash equivalents	(3,745,224)
Cash and cash equivalents at Beginning of Year	<u>5,864,308</u>
Cash and cash equivalents at end of year	<u>\$ 2,119,084</u>

City of Cuyahoga Falls, Ohio

Statement of Cash Flows - Proprietary Funds For the Year Ended December 31, 2017

(Continued)

	Business-type Activities - Enterprise Funds						Total
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	
Reconciliation of Operating Income							
(Loss) to Net cash provided by							
(Used in) Operating Activities							
Operating Income (Loss)	\$ 572,246	\$ 901,425	\$ 520,745	\$ (99,170)	\$ 1,285,653	\$ (168,009)	\$ 3,012,890
Adjustments to reconcile operating							
income (loss) to net cash provided by							
(used in) operating activities:							
Depreciation	777,450	1,047,854	1,785,541	399,695	924,485	332,438	5,267,463
Decrease (increase) in operating assets and							
increase (decrease) in operating liabilities:							
Receivables	(66,071)	(22,068)	(2,361,196)	(36,308)	(4,494)	(4,707)	(2,494,844)
Due from other funds	(12,420)	-	63,096	(162)	-	(1,574)	48,940
Due from other governments	(60,553)	1,204	(15,876)	791	136	162	(74,136)
Inventory of supplies	6,480	9,215	220,372	(11,950)	(11,500)	-	212,617
Prepaid items	(974)	(514)	(948)	(372)	11	(10)	(2,807)
Investment in joint ventures	-	-	(51,376)	-	-	-	(51,376)
Deferred outflows of resources - pension	(121,732)	(225,284)	(507,408)	(173,730)	(422,798)	(67,252)	(1,518,204)
Accounts payable							
- net of items affecting capital assets	31,180	1	121,736	(35,302)	5,213	(12,113)	110,715
Accrued salaries, wages and benefits	4,249	6,618	10,548	5,610	595	468	28,088
Due to other funds	(17,203)	3,782	11	(14,195)	(46,128)	5	(73,728)
Due to other governments	224,167	(4,407)	(9,304)	(1,040)	107	(911)	208,612
Deposits held and due to others	-	-	(12,401)	-	-	-	(12,401)
Other post-employment benefit							
obligation	-	-	-	-	-	-	-
Claims and judgments payable	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	(3,556)	-	(3,556)
Deferred inflows of resources - pension	(11,604)	(21,477)	(48,374)	(16,564)	(40,309)	(6,411)	(144,739)
Net pension liability	292,059	540,491	1,217,359	416,813	1,014,370	161,355	3,642,447
Total adjustments	1,045,028	1,335,415	411,780	533,286	1,416,132	401,450	5,143,091
Net cash provided by (used in)							
operating activities							
	\$ 1,617,274	\$ 2,236,840	\$ 932,525	\$ 434,116	\$ 2,701,785	\$ 233,441	\$ 8,155,981

During 2017, the Sewage and Disposal, Water, and Storm Drainage Utility Enterprise Funds received contributions in the form of capital assets from private developers in the amount of \$273,475, \$318,725, and \$315,940, respectively. In addition, the Storm Drainage Utility Fund received contributions in the form of capital assets from the Capital Projects Fund in the amount of \$116,079.

City of Cuyahoga Falls, Ohio

Statement of Cash Flows - Proprietary Funds For the Year Ended December 31, 2017

(Continued)

	Governmental Activities - Internal Service Funds
Reconciliation of Operating Income	
(Loss) to Net cash provided by (Used in) Operating Activities	
Operating Income (Loss)	\$ (836,530)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	44,299
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:	
Receivables	(10,501)
Due from other funds	(1,174)
Due from other governments	(120,237)
Inventory of supplies	10,311
Prepaid items	(101)
Investment in joint ventures	-
Deferred outflows of resources - pension	(82,348)
Accounts payable	
- net of items affecting capital assets	(5,007)
Accrued salaries, wages and benefits	172,919
Due to other funds	(148)
Due to other governments	(50,242)
Deposits held and due to others	-
Other post-employment benefit obligation	300,923
Claims and judgments payable	36,696
Unearned revenue	-
Deferred inflows of resources - pension	(7,851)
Net pension liability	197,567
Total adjustments	485,106
Net cash provided by (used in) operating activities	\$ (351,424)

Statement of Fiduciary Net Position - Fiduciary Funds
December 31, 2017

	Agency Funds
Assets	
Current Assets	
Equity in pooled cash and cash equivalents	\$ 601,252
Cash and cash equivalents - restricted	500
Investments	1,038,905
Income taxes receivable	16,314
Due from other governments	116,867
Total assets	\$ 1,773,838
Liabilities	
Current Liabilities	
Due to other governments	\$ 1,117,633
Deposits held and due to others	656,205
Total liabilities	\$ 1,773,838

See accompanying notes to the basic financial statements

**NOTES TO THE FINANCIAL
STATEMENTS**

**Notes to the Financial Statements
December 31, 2017**

NOTE 1 – REPORTING ENTITY

The City of Cuyahoga Falls (the “City”) operates as a political subdivision of the State of Ohio. The community was founded in 1812, became a township in 1851, was incorporated as a village in 1868 and became a city in 1920. The City Charter was first adopted on November 3, 1959, and became effective on January 1, 1960. The Charter establishes a strong Mayor-Council form of government.

The City provides municipal services such as police and fire protection, emergency medical service, administration of justice, community planning and development, recreational and cultural activities, street maintenance, cemetery operations, environmental services and other functions necessary for general government. The City also operates certain enterprise operations such as water and sanitary sewer service, refuse collection, electric distribution, storm drainage utilities, and recreation facilities that include a natatorium, a golf course, driving range/batting cages/miniature golf, an outdoor water park and a community center.

The accompanying financial statements comply with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended by Statement No. 61, The Financial Reporting Entity: Omnibus, and Statement No. 39, Determining Whether Certain Organizations are Component Units, in that the financial statements include those activities and functions in which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit’s board, and either (1) the City’s ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City. In addition, certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based on this criteria, the City has one component unit.

Component unit – The Community Improvement Corporation of Cuyahoga Falls (CIC) is a not for profit corporation to advance, encourage, and promote the industrial, commercial, civic, and economic development of Cuyahoga Falls, Ohio, under the applicable sections of the Ohio Revised Code. The City has assumed a financial burden to the component unit by permitting the CIC to keep proceeds from the sale of City property for their operations and paying portions of tax increment financing received from the Summit County Fiscal Officer to the CIC. Since this funding represents a significant portion of CIC revenue, the organization is fiscally dependent on the City. Also, the majority of the CIC’s board is appointed by the City. The City has chosen the discrete method of presentation of CIC because it provides services to the primary government and the citizens of the City as opposed to only the primary government. The discrete method of presentation requires component unit data to be reported together with, but separately from the data of the primary government in the government-wide financial statements. Complete financial statement for the CIC may be obtained at the entity’s administrative offices, 2310 Second Street, Cuyahoga Falls, Ohio 44221.

The City participates in the Akron Metropolitan Area Transportation Study and the Boston Township-City of Cuyahoga Falls Joint Economic Development District. These jointly governed organizations are discussed in Note 20 of the basic financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation

The City's basic financial statements consist of government-wide financial 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 report information on all of the nonfiduciary activities of the primary government and its component unit. Interfund activity, and related interfund receivables and payables, have been eliminated in the government-wide statements. These eliminations remove the duplicating effect on assets, liabilities, revenues and expenses that would otherwise occur. Internal service fund balances, whether positive or negative, have been eliminated against governmental activity program expenses shown in the statement of activities. Other activities from interfund services provided and used are not eliminated in the process of consolidation.

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 activities and business-type activities. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function of segment. Revenues which are not classified as program revenues are presented as general revenues of the City with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements

Fund financial statements are designated to present financial information of the City at a more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Major individual governmental funds and major individual enterprise funds, which include all enterprise funds, are reported as separate columns in the fund financial statements. Nonmajor governmental funds are aggregated and presented in a single column on the governmental fund statements. Governmental activities internal service funds are aggregated and presented in a single column in the proprietary fund statements. The City's only business-type internal service fund, the Utility Billing Fund, which is a billing and collections operation for the City's utility enterprise funds: Sewage and Disposal, Water, Electric, Sanitation, and Storm Drainage Utility have been directly reported in those funds. Fiduciary funds are reported by type.

B. Fund Accounting

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

Governmental Funds

Governmental funds are those through which most governmental functions typically 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 purpose 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 liabilities is reported as fund balance. The following are the City's major governmental funds:

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Fund

This fund accounts for all financial resources of the City except those required to be accounted for 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 Cuyahoga Falls and/or the general laws of Ohio. In addition, Municipal Income Tax Fund activity has been blended with the General Fund for financial reporting, and is not separately reported.

Capital Projects Fund

This fund accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

The other governmental funds of the City account for grants and other resources, which are restricted to a particular purpose.

Proprietary Fund Types

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.

Enterprise Funds

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Sewage and Disposal Fund

This fund accounts for sanitary sewer service provided to residential and commercial users within the City.

Water Fund

This fund accounts for the provision of water treatment and distribution to residential and commercial users within the City, the City of Munroe Falls, the Village of Silver Lake and certain other residents within close proximity.

Electric Fund

This fund accounts for the distribution of electricity to residential and commercial users within the City.

Sanitation Fund

This fund accounts for the refuse and recycling collection services provided to residential and commercial users within the City.

Leisure Time Fund

This fund accounts for the revenues and expenses of an outdoor swimming pool, a Community Recreation Center, a municipal golf course/driving range/batting cages/miniature golf facility and a civic cultural center.

Storm Drainage Utility Fund

This fund accounts for monies received for the storm sewer infrastructure repair and upgrade. These monies will be used to construct, equip, operate, repair, improve, extend and maintain open drainage ways, underground storm drains, equipment and appurtenances necessary. Also, used for improvements and maintenance of the drainage systems.

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Internal Service Funds

Internal Service Funds account for the financing of goods or services provided by one department of the City to other departments or agencies of the City on a cost-reimbursement basis. The City has the following internal service funds, which are described in the combining statements and individual fund statements section: Garage, Self Insurance, Workers' Compensation and Compensated Absences. All of the City's internal service funds are nonmajor funds.

Fiduciary Funds

Fiduciary Fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City of Cuyahoga Falls has no trust funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results and operations.

The City's agency funds account for money received from the City for employer pension and Medicare payments, employee withholdings, deposits held for contractors and developers, money on deposit with the Cuyahoga Falls Mayor's Court, and activity of the Boston Township-City of Cuyahoga Falls Joint Economic Development District.

C. Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and liabilities associated with operation of the City are included on the Statement of 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 current liabilities 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 liabilities associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities. The agency funds do not report on measurement focus, as they do not report operations.

D. 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 are prepared using the accrual basis of accounting; proprietary and fiduciary funds also use 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, the recording of deferred inflows of resources and deferred outflows of resources, and in the presentation of expenses versus expenditures.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues - Exchange and Non-exchange 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 fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of year-end.

Non-exchange 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 period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 4). 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 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 a modified accrual basis, revenue from non-exchange 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), fines and forfeitures, interest, tuition, grants, fees and rentals.

Expenses/Expenditures

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

Budgetary Data

The budgetary process is prescribed by Charter and by the provisions of the Ohio Revised Code (ORC) and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Alternative Tax Budget Information Form, the Official Certificate of Estimated Resources and the Appropriation Ordinance(s), all of which are prepared on the budgetary basis of accounting.

All funds other than the Agency Funds are legally required to be budgeted. The Cemetery Perpetual Care Permanent Fund is not reported on a budgetary basis, as the fund did not have expenditures on a non-GAAP budgetary basis. However, only governmental funds are reported.

Tax Budget

The Summit County Budget Commission (the “Commission”) has waived the requirement for a taxing authority to officially adopt a tax budget, pursuant to ORC. However, the Commission requires a taxing authority to complete and file an Alternative Tax Budget Form (preliminary financial plan) with the County Fiscal Officer on or before July 20th for all subdivisions excluding school districts, which file their form on or before January 20th. The form is prepared to assist the Commission in performing their duties, including the division of the tax rates and the creation of the Official Certificate of Estimated Resources. The following schedules are provided in the form:

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Levies inside and outside ten mill limitation, inclusive of debt levies.
Detailed statement of fund activity for the General Fund and any other fund that receives property tax.
Aggregate statement of fund activity for all other budgeted funds.
Unvoted general obligation debt.
Voted debt outside ten mill limit.
Tax anticipation notes.

Estimated Resources

The Commission certifies its actions regarding the Tax Budget to the City by September 1. As part of this certification, the City receives the Official Certificate of Estimated Resources, which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any balances from the preceding year. The Certificate of Estimated Resources may also be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual appropriation measure.

Since the Official Certificate of Estimated Resources is based on the Alternative Tax Budget Information Form, which is preliminary in nature, the amounts reported as the original budgeted amounts on the budgetary statements are based on the first Amended Official Certificate of Estimated Resources to which the original appropriations are based. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final Amended Certificate of Estimated Resources.

Appropriations

City Charter, Article VI, Section 6. Estimated Budgets; Allotments, states before the beginning of each fiscal year, the head of each office and department shall submit to the Mayor, at a time designated by him, an estimated budget for the coming fiscal year, which estimate shall show the requested allotments of the appropriations and estimated income for such office or department for the entire calendar year. The Mayor shall then request Council to determine and approve the budget for each office or department and the aggregate of such allotments, as approved by Council, shall not exceed the total estimated funds available to all offices and departments for the fiscal year. In addition, Article VI, Section 7, states the Mayor shall file a copy of the budget as approved by the Council, with the Director of Finance, who shall authorize all expenditures for the offices, departments and agencies to be made from the appropriations on the basis of approved allocations and not otherwise. An approved appropriation may be revised during the fiscal year in the same manner as the original appropriation was made. If, at any time during the fiscal year, the Finance Director and the Mayor shall ascertain that the available income, plus balances, for the year will be less than the total appropriations, the Mayor shall request the Council to reconsider the budgets and appropriations so as to forestall the making of expenditures in excess of the said income.

The Appropriation Ordinance represents City Council authorization to spend resources and sets annual limits on expenditures of the resources. The initial level of budgetary control is passed by City Council at the fund level, department and object level (Personal Services, Other Operations, Capital Outlay, Debt Service and Transfers) with further restrictions prohibiting the transfer of funds between departments of a particular fund and limiting transfers of sums between line items of a department, at any time within the fiscal year which exceed in the aggregate seven percent of the amount originally appropriated in the line item from which the transfer is made, but not to exceed \$10,000. The City Finance Director is authorized by Charter to transfer funds already appropriated between funds and departments; however, any revisions that change the total fund appropriations or exceed the limits restricting transfers of sums between line items must be approved by City Council. The Appropriation Ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources, as certified by the Commission.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The amounts reported as the original budgeted amounts reflect the original Appropriation Ordinance. The amounts reported as the final budgeted amounts represent the final Appropriation Ordinance, including all amendments and modifications passed by City Council in December 2017.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and is not reappropriated.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances outstanding at year end are reported as assigned, committed, or restricted fund balances in governmental fund financial statements since they do not constitute expenditures or liabilities.

Equity in Pooled Cash and Cash Equivalents and Investments

Cash balances of the City’s funds are pooled and invested in investments in order to provide improved cash management. The restricted cash and cash equivalents from the following funds are not included in the City’s pooled cash and investments: Cemetery Perpetual Care Permanent Fund and Evidence Deposit Agency Fund. These investments consist of repurchase agreements, and other government securities. Investments maturing within three months of purchase and investments of the pool are included in “Equity in Pooled Cash and Cash Equivalents.” For purposes of the statements of cash flows, cash and cash equivalents consist of cash and highly liquid short-term investments with original maturities of three months or less.

Invested monies are stated at fair value, with the exception of participating interest-earning contracts that have a remaining maturity at time of purchase of one year or less, which are reported at amortized cost. For reporting purposes, interest earned by the cash and investment pool has been reported as interest income by the General Fund in accordance with Ohio Revised Code, with the exception of the Debt Service Fund, Cemetery Perpetual Care Permanent Fund and Worker’s Compensation Internal Service Fund. Based on Ordinance 122-1992, interest generated by the Workers’ Compensation fund balance is to remain with the fund.

Inventory of Supplies

On Government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost and inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in governmental funds when purchased and as an expense in the proprietary fund types when used. Reported supplies inventory is equally offset by nonspendable fund balance in governmental funds, which indicates that it does not constitute “available spendable resources” even though it is a component of net current assets. Inventory consists of expendable supplies held for consumption or resale.

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid items

Payments made to vendors for services that will benefit periods beyond December 31, 2017, are recorded as prepaid items. On the government-wide and proprietary fund statements, prepaid items are recorded using the consumption method by recording a current asset for the prepaid amount and reflecting the expense in the year in which services are consumed. On the fund financial statements, the actual payment for these services is recorded as an expenditure when purchased. Reported prepaid items are equally offset by nonspendable fund balance, which indicates that it does not constitute “available spendable resources” even though it is a component of net current assets.

Capital Assets

General capital assets are those specifically associated with general governmental activities. These assets primarily 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 proprietary funds are reported in both the business-type activities column of the government-wide statement of net position and in the respective fund statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The City has a capitalization threshold to \$5,000. The City’s infrastructure consists of roads, bridges, culverts, City sidewalks and traffic signalization. Improvements that add to the value of the asset or materially extend the life of an asset are capitalized. The cost of normal maintenance and repairs that does not meet the capitalization criteria is not capitalized. Interest incurred in capital projects or during construction periods is not capitalized.

All capital assets are depreciated with the exception of land and construction in progress. These capital assets are depreciated over the remaining useful lives of the related asset. 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:

Assets	Years
Buildings	10-50
Improvements	5-50
Machinery and Equipment	5-30
Infrastructure	25-50

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2017, but which were levied to finance year 2018 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and 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 investment earnings, delinquent property taxes, grants and entitlements, municipal income taxes, special assessments, and charges for services meeting the availability criteria. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide and proprietary funds statements of net position. (See Note 7).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflow of resources, represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide and proprietary funds statements of net position for a deferral on debt refunding and for pension. A deferral on refunding results from 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 pensions are explained in Note 7.

Interfund Balances

On the fund financial statements, unpaid amounts for interfund services are reported as “Due to/from other funds.” Interfund loans, that are determined to be long-term, are classified as “Advances to/from other funds” and are equally offset by a fund balance reserve account, which indicates that they do not constitute available expendable resources. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation and compensatory time benefits are accrued as a liability as the benefits are earned, since these amounts are attributable to services already rendered and the probability exists that the City will compensate employees for these benefits through paid time off or compensation. Sick leave benefits are accrued as a liability using the termination method. An accrual is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the City’s past experience of making termination payments.

The entire compensated absences liability is reported in the Compensated Absences Internal Service Fund and on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount of matured compensated absences expected to be paid using expendable available financial resources. These amounts are included in “accrued salaries, wages and benefits” in the funds from which employees are paid. The noncurrent portion of the liability is not reported. In proprietary fund types, the entire amount of compensated absences is reported as a fund liability.

Pensions

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

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, which are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and long-term loans are recognized as a liability on the governmental fund financial statements when due.

Fund Balance

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

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

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

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of the City’s Council. Those committed amounts cannot be used for any other purpose unless the City’s Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. 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 City Council or a City official delegated that authority by City Charter, ordinance, or State statute. State statute authorizes the Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In the other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Grants and Intergovernmental Revenues

Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. Federal reimbursement-type grants are recorded as intergovernmental receivables and revenue in the period when all applicable eligibility requirements have been met and the resources 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 sanitary sewer service, water, electric distribution, refuse collection, leisure time activities, storm drainage utilities, internal service charges and self-insurance programs. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, grants or outside contributions of resources restricted to capital acquisition and construction or from contributions from governmental funds. During 2017, the Sewage and Disposal, Water, and Storm Drainage Utility Funds received contribution of capital from private developers in the amount of \$273,475, \$318,725, and \$315,940 respectively. In addition, the Storm Drainage Utility Fund received contributions in the form of capital assets from the Capital Projects Fund in the amount of \$116,079 .

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 nonoperating 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.

Extraordinary and special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2017.

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 – BUDGETARY BASIS OF ACCOUNTING

While the City is 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 Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations.

The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis as provided by law and GAAP basis are as follows:

- A. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- B. Expenditures are recorded when paid in cash or encumbered (budget) as opposed to when the liability is incurred (GAAP).
- C. 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, which includes Municipal Income Tax Fund is as follows:

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

Net Change in Fund Balance – General Fund

GAAP Basis	\$404,927
Increase (decrease) due to:	
Net change in receivables and other assets not recognized on a budget basis	(88,463)
Net change in liabilities not recognized on a budget basis	55,469
Encumbrances	<u>(226,088)</u>
Budget Basis	<u>\$ 145,845</u>

NOTE 4 - RECEIVABLES

Receivables at December 31, 2017, consisted primarily of municipal income taxes, property taxes and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, accrued interest on investments, loans, and accounts (billings for utilities and EMS Transport services provided). Utility accounts receivable and EMS Transport fees receivable billed to customers prior to year end are recorded net of an allowance for doubtful accounts, based on management’s estimate.

Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Taxes collected from real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years with a triennial update. If paid annually, payment is due January 20; if paid semiannually, the first payment is due January 20, with the remainder payable by June 20. In certain circumstances, state statute permits earlier or later payment dates to be established.

Tangible personal property taxes (for tangible property other than public utility property) attach as a lien and are levied on January 1 of the current calendar year. Tax collections for the current year are therefore based upon assessed values as of January 1 of the current year. The tangible personal property tax is being phased out.

Public utility tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 100 percent of its true value. Public utility property taxes are payable on the same date as real property taxes described previously.

The Summit County Fiscal Officer collects property taxes on behalf of all taxing districts in the County including the City of Cuyahoga Falls. The Summit County Fiscal Officer periodically remits to the City its portion of the taxes collected with final settlement in June and December for taxes payable in the first and second halves of the year, respectively. The amounts of \$9,310,703 and \$537,158 are included in the balance sheet of the governmental funds for the General Fund and other governmental funds (Police and Fire Pension Funds) as taxes receivable to reflect property taxes receivable as of December 31, 2017.

City of Cuyahoga Falls, Ohio

NOTE 4 – RECEIVABLES (CONTINUED)

The assessed values of real public utility and tangible personal property upon which 2017 property tax receipts were based are as follows:

<u>Property Types</u>	<u>Valuation</u>
Real Property	\$ 955,340,130
Public Utility Property	9,666,340
Total Valuation	\$ 965,006,470

Income Taxes

The City levies a tax at the rate of 2 percent on substantially all income earned within the City. In addition, residents of the City are required to pay City income tax on income earned outside the City; however, a 100 percent credit is allowed for income taxes paid to other municipalities with a limitation of 2 percent. The proceeds of the income tax, after payment of the expenditures of collection, are allocated by ordinance as follows: 8 percent to the Recreation Levy Special Revenue Fund, 29.33 percent to the Capital Projects Fund and 62.67 percent to the General Fund. The portion allocated to the Recreation Levy Fund and the Capital Projects Fund may be utilized for the acquisition of capital items or the payment of debt service thereon. The Municipal Income Tax Special Revenue Fund is consolidated with the General Fund for financial statement reporting purposes.

On a full accrual basis, municipal income tax revenue for 2017 for the City was \$23,512,064. The amount of \$3,486,853 has been recorded in the General Fund as taxes receivable (net of refunds) to reflect income taxes receivable recorded as of December 31, 2017.

Employers within the City are required to withhold income tax on employee compensation, remit this tax to the City at least quarterly and file a declaration annually. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

Due From Other Governments

A summary of due from other governments follows:

<u>Governmental Activities</u>	<u>Amounts</u>
Homestead and Rollback	\$ 806,505
Local Government and Local Government Revenue Assistance	630,275
Gasoline and Excise Tax	510,966
Highway Distribution	265,417
Permissive Motor Vehicle License Tax	229,927
Motor Vehicle License Fees	199,573
Bureau of Workers' Compensation	184,617
Federal Grants (Direct)	104,096
Municipal Income Tax	70,733
EMS Transport Fees	52,252
In Lieu of Public Site	43,800
Other State Grants and Reimbursements	39,540
Boston Township - City of Cuyahoga Falls JEDD	9,501
Enhanced 9-1-1 Wireless Distribution	9,175
Unclaimed Monies Agency Fund	6,743
Other Agencies	33,283
Total Governmental Activities	\$ 3,196,403

NOTE 4 – RECEIVABLES (CONTINUED)

Business-type Activities	<u>Amounts</u>
Utilities Charges	\$ 109,681
Other Agencies	<u>17,147</u>
Total Business-Type Activities	<u><u>\$ 126,828</u></u>

NOTE 5 - DEPOSITS AND INVESTMENTS

Policies and Practices

The Charter of the City of Cuyahoga Falls specifies the Finance Director is responsible for the safekeeping and investment of all public funds. It is also the Finance Director's responsibility to deposit and invest the City's idle funds. Periodically, the Finance Director consults with the other members of the Treasury Investment Board (Mayor and Law Director) concerning investment decisions.

The deposit and investment of City monies is governed by the provisions of the Charter and Codified Ordinances of the City and the Ohio Revised Code. In accordance with the provisions of these items, only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. These provisions restrict the investment of the City's monies to certificates of deposit, savings accounts, money market accounts, the State Treasurer's investment pool, obligations of the United States government or certain agencies thereof and certain industrial revenue bonds issued by other governmental entities, and repurchase agreements with any eligible depository for a period not exceeding thirty days. The City's practice is to limit investments to U.S. Treasury Notes and Bills, collateralized certificates of deposit and repurchase agreements, insured and/or collateralized demand deposit accounts or obligations of other U.S. agencies.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation or may participate 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. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the City's name.

During 2017, the City believes it has complied with the revisions of these statutes pertaining to the types of investments held and institutions in which deposits were made. The City was also in compliance with the provisions of the statutes concerning security requirements. The City will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City treasury, in commercial accounts payable or 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 deposits 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.

City of Cuyahoga Falls, Ohio

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

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.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. Government securities

- Negotiable obligations of the U.S. Treasury, insofar as each investment complies with the City's Investment and Deposit policy criteria such as final maturity, delivery, etc.:
- Direct Obligations of the U.S. Treasury
 - i. Treasury Bills
 - ii. Treasury Notes
- Investment-grade obligations of the State of Ohio, or any municipal corporation, county, township or other political subdivisions of the State of Ohio rated in not less than the second highest rating category by a nationally recognized rating agency with respect to such bonds or notes as to which there is no default of principal, interest or coupons.

2. Nonnegotiable Interest Bearing Time Certificate of Deposit and Savings Accounts

- Nonnegotiable Interest Bearing Time Certificates of Deposit and savings accounts only in commercial banks organized under the laws of this State, national banks organized under the laws of the United States, doing business in and situated in or operating a full service branch office within the boundaries of the City of Cuyahoga Falls, provided that any such deposits and savings accounts are secured by collateral as prescribed in Section 15 of the Investment and Deposit Policy.

3. Star Ohio

- The State Treasury Asset Reserve of Ohio (Star Ohio) is an authorized investment, subject to the diversification requirements set forth in section 11 of the City's Investment and Deposit policy.

4. Now Accounts (Interest Bearing Negotiable Order of Withdrawal Accounts)

- NOW accounts, Super NOW accounts, or any other similar account authorized by the Federal Reserve's Depository Institutions Deregulation committee, provided that such accounts are secured by collateral as prescribed herein.

5. City of Cuyahoga Falls, Ohio Notes and Bonds

- Any obligation of the City of Cuyahoga Falls, Ohio, without regard to term-to-maturity or interest rate, is an authorized investment instrument.

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. Historically, the City has not purchased these types of investments or issued these types of investments or issued these types of notes. An investment must mature in five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end the carrying amount of the City's deposits was \$20,965,714 and the bank balance was \$22,036,694. Of the bank balance \$500,000 was covered by Federal depository insurance and \$21,536,694 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institutions' trust department or Federal Reserve, but not in the City's name. The City has petty cash on hand of \$9,785 as of December 31, 2017.

At year-end, the carrying amount of the Community Improvement Corporation of Cuyahoga Falls, a component unit, deposits were \$66,467 and the bank balance was \$66,512. Information regarding the collateralization of the Community Improvement Corporation of Cuyahoga Falls can be obtained from the corporation's compilation report.

Investments

Fair value is determined by quoted market prices and acceptable other pricing methodologies. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. STAR Ohio is reported at its share price (net asset value per share). The chart below identifies the City's recurring fair value measurements as of December 31, 2017.

As of December 31, 2017 the City had the following investments:

	Measurement Amount	Credit Rating (*)	Maturity In Years		Fair Value Hierarchy
			< 1 Year	> 1 Year	
Net Asset Value (NAV) Per Share STAR Ohio	\$ 13,077,258		\$ 13,077,258		N/A
Fair Value:					
Federal Home Loan Mortgage	1,990,460	Aaa*	996,370	994,090	Level 2
Negotiable Certificates of Deposit	15,498,000		2,500,000	12,998,000	Level 2
Total	<u>\$ 30,565,718</u>		<u>\$ 16,573,628</u>	<u>\$ 13,992,090</u>	

* Ratings obtained from Moody's

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 five years from the date of purchase 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.

Credit Risk

The credit risk of the City's investments are displayed. The City has no investment policy that would further limit its investment choices.

City of Cuyahoga Falls, Ohio

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Mortgage Bond, Federal National Mortgage Association Note, and Federal Home Loan Mortgage Note are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Finance Director or qualified trustee.

Concentration of Credit Risk

Concentration of credit risk is defined by the Governmental Accounting Standards Board as having five percent more invested in the securities of a single issuer. The City's investment policy places a limit on the amount it may invest in the State of Ohio Treasurer's Investment Pool (STAROhio), of no more than 25% of all deposits. The following is the City's risk allocation of deposits and investments as of December 31, 2017.

Type	Percentage of Total
Deposits	41.79%
STAR Ohio	24.91%
Federal Home Loan Mortgage	3.79%
Negotiable Certificates of Deposit	29.52%
Total	100.00%

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	<u>Balance 1/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2017</u>
Governmental Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 10,485,381	\$ 1,553,506	\$ (9,200)	\$ 12,029,687
Construction In Progress	1,214,233	10,049,024	(970,187)	10,293,070
<i>Total Capital Assets Not Being Depreciated</i>	11,699,614	11,602,530	(979,387)	22,322,757
<i>Capital Assets Being Depreciated</i>				
Buildings	29,069,789	515,741	(177,673)	29,407,857
Improvements	9,010,589	175,789	(46,126)	9,140,252
Machinery and Equipment	31,705,940	2,747,043	(3,320,530)	31,132,453
Infrastructure				
Roads	72,778,285	1,454,271	-	74,232,556
Traffic Signals	235,519	12,034	-	247,553
Bridges	10,712,430	36,825	-	10,749,255
<i>Total Capital Assets Being Depreciated</i>	153,512,552	4,941,703	(3,544,329) -	154,909,926
<i>Less Accumulated Depreciation</i>				
Buildings	(13,514,163)	(653,740)	175,635	(13,992,268)
Improvements	(1,132,836)	(271,059)	2,739	(1,401,156)
Machinery and Equipment	(22,669,235)	(1,903,895)	3,133,666	(21,439,464)
Infrastructure				
Roads	(24,696,084)	(1,766,782)	-	(26,462,866)
Traffic Signals	(172,676)	(21,394)	-	(194,070)
Bridges	(2,614,022)	(205,023)	-	(2,819,045)
<i>Total Accumulated Depreciation</i>	(64,799,016)	(4,821,893)	3,312,040	(66,308,869)
<i>Total Capital Assets Being Depreciated, Net</i>	88,713,536	119,810	(232,289)	88,601,057
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 100,413,150</u>	<u>\$ 11,722,340</u>	<u>\$ (1,211,676)</u>	<u>\$ 110,923,814</u>
*Depreciation expense was charged to governmental functions as follows:				
General Government				\$ 553,712
Security of Persons and Property				1,161,568
Community Environment				248,292
Leisure Time Activities				2,584,395
Street Maintenance				229,627
Garage				44,299
Grand Total				<u>\$ 4,821,893</u>

City of Cuyahoga Falls, Ohio

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	<u>Balance 1/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2017</u>
Business -type Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 3,589,128	\$ -	\$ -	\$ 3,589,128
Construction In Progress	1,899,885	2,897,646	(4,724,978)	72,553
<i>Total Capital Assets Not Being Depreciated</i>	5,489,013	2,897,646	(4,724,978)	3,661,681
<i>Capital Assets Being Depreciated</i>				
Buildings	38,989,085	719,578	(101,930)	39,606,733
Improvements	128,598,170	8,780,824	(2,584,052)	134,794,942
Machinery and Equipment	16,944,347	1,159,730	(325,528)	17,778,549
<i>Total Capital Assets Being Depreciated</i>	184,531,602	10,660,132	(3,011,510)	192,180,224
<i>Less Accumulated Depreciation</i>				
Buildings	(12,090,294)	(843,457)	71,526	(12,862,225)
Improvements	(58,791,942)	(3,391,328)	2,617,353	(59,565,916)
Machinery and Equipment	(10,544,105)	(1,032,679)	182,884	(11,393,900)
<i>Total Accumulated Depreciation</i>	(81,426,341)	(5,267,464)	2,871,763	(83,822,041)
<i>Total Capital Assets Being Depreciated, Net</i>	103,105,261	5,392,668	(139,747)	108,358,183
<i>Total Business-Type Capital Assets, Net</i>	<u>\$ 108,594,274</u>	<u>\$ 8,290,314</u>	<u>\$ (4,864,725)</u>	<u>\$ 112,019,864</u>

*Depreciation expense was charged to business-type activities as follows:

Sewage and Disposal	\$ 777,450
Water	1,047,854
Electric	1,785,542
Sanitation	399,695
Leisure Time	924,485
Storm Drainage	332,438
Total	<u>\$ 5,267,464</u>

NOTE 7 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

The net pension liability/(asset) reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. 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 liability represents the City’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City’s obligation for 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.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees 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 cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. City 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 Cuyahoga Falls, Ohio

NOTE 7 – DEFINED BENEFITS PENSION PLANS (CONTINUED)

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

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 62 with 5 years of service credit or Age 57 with 25 years of service credit
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	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	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

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.

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

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

	State and Local
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-Employment Health Care Benefits	1.0
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

NOTE 7 – DEFINED BENEFITS PENSION PLANS (CONTINUED)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contributions was \$2,280,638 for fiscal year ending December 31, 2017.

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

Plan Description - 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 may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before 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 five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

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 and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

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

	Police	Firefighters
2017 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2017 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
 Employee	 12.25 %	 12.25 %

City of Cuyahoga Falls, Ohio

NOTE 7 – DEFINED BENEFITS PENSION PLANS (CONTINUED)

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$2,349,169 for 2017. Of this amount, \$58,428 is reported as due to other governments.

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

The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	OP&F Police	OP&F Fire	Total
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.126127%	0.15670%	0.2069667%	0.2889364%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	<u>0.128688%</u>	<u>0.14454%</u>	<u>0.2116715%</u>	<u>0.2909230%</u>	
Change in Proportionate Share	<u>0.002561%</u>	<u>-0.01216%</u>	<u>0.004705%</u>	<u>0.001987%</u>	
Proportionate Share of the Net Pension Liability/(Asset)	\$ 29,222,856	\$ (80,444)	\$ 13,407,060	\$ 18,426,768	\$ 60,976,240
Pension Expense	\$ 6,229,047	\$ 57,866	\$ 1,698,493	\$ 2,230,921	\$ 10,216,327

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F Police	OP&F Fire	Total
Deferred Outflows of Resources				
Net difference between projected and actual earnings on pension plan investments	\$4,371,587	\$1,303,778	\$1,791,923	\$7,467,288
Differences between expected and actual experience	39,609	3,792	5,213	48,614
Changes of assumptions	4,654,704	-	-	4,654,704
Changes in proportion and differences between City contributions and proportionate share of contributions	225,205	212,572	104,361	542,138
City contributions subsequent to the measurement date	<u>2,280,638</u>	<u>981,835</u>	<u>1,367,334</u>	<u>4,629,807</u>
Total Deferred Outflows of Resources	<u>\$11,571,743</u>	<u>\$2,501,977</u>	<u>\$3,268,831</u>	<u>\$17,342,551</u>
Deferred Inflows of Resources				
Differences between expected and actual experience	\$215,059	\$30,869	\$42,425	\$288,353
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>59,619</u>	<u>3,447</u>	<u>268,236</u>	<u>331,302</u>
Total Deferred Inflows of Resources	<u>\$274,678</u>	<u>\$34,316</u>	<u>\$310,661</u>	<u>\$619,655</u>

NOTE 7 – DEFINED BENEFITS PENSION PLANS (CONTINUED)

An amount of \$4,629,807 reported as deferred outflows of resources related to pension resulting from City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS	OP&F Police	OP&F Fire	Total
2018	\$3,709,600	\$535,621	\$636,450	\$4,881,671
2019	3,882,230	535,623	636,449	\$5,054,302
2020	1,559,884	417,469	474,065	\$2,451,418
2021	(130,580)	(47,995)	(165,677)	(\$344,252)
2022	(2,280)	40,869	7,400	45,989
Thereafter	(2,427)	4,239	2,149	3,961
Total	<u>\$9,016,427</u>	<u>\$1,485,826</u>	<u>\$1,590,836</u>	<u>\$12,093,089</u>

Actuarial Assumptions - OPERS

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

Projections of 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 in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board of Trustees’ actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical view and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2018, then 2.15% simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

City of Cuyahoga Falls, Ohio

NOTE 7 – DEFINED BENEFITS PENSION PLANS (CONTINUED)

The total pension asset in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2018, then 2.15% simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2014 Health Annuitant Mortality table. For males, Health Annuitant Mortality tables were used, adjusted for mortality improvement back to the observant period base of 2006 and then established the base year as 2015. For females, Health Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

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

The long-term 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.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3 percent for 2016.

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 table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

NOTE 7 – DEFINED BENEFITS PENSION PLANS (CONTINUED)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92
Total	100.00 %	5.66 %

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent, post-experience study results. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

City's proportionate share of the net pension liability/(asset)	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Traditional Pension Plan	\$44,644,441	29,222,856	\$16,371,687
Combined Plan	\$5,781	(80,444)	(\$147,427)

Actuarial Assumptions – OP&F

OP&F’s total pension liability as of December 31, 2016 is based on the results of an actuarial valuation date of January 1, 2016, 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 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.

City of Cuyahoga Falls, Ohio

NOTE 7 – DEFINED BENEFITS PENSION PLANS (CONTINUED)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2016, are presented below:

Valuation Date	January 1, 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent Simple

Rates of death are 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.

The most recent experience study was completed January 1, 2012.

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 expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2016 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 year Expected Real Rate of Return **</u>	<u>30 year Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %		
Domestic Equity	16.00	4.46 %	5.21 %
Non-US Equity	16.00	4.66	5.40
Core Fixed Income *	20.00	1.67	2.37
Global Inflation Protected *	20.00	0.49	2.33
High Yield	15.00	3.33	4.48
Real Estate	12.00	4.71	5.65
Private Markets	8.00	7.31	7.99
Timber	5.00	6.87	6.87
Master Limited Partnerships	8.00	6.92	7.36
Total	<u>120.00 %</u>		

* levered 2x

** numbers are net of expected inflation

NOTE 7 – DEFINED BENEFITS PENSION PLANS (CONTINUED)

OP&F’s Board of Trustees has incorporated the “risk parity” concept into OP&F’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 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 8.25 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 8.25 percent. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$ 42,398,887	\$ 31,833,828	\$ 22,879,797

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

In October 2017, the OP&F Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of January 1, 2017. The most significant change is a reduction in the discount rate from 8.25 percent to 8 percent. Although the exact amount of these changes is not known, it has the potential to impact the City’s net pension liability.

City of Cuyahoga Falls, Ohio

NOTE 8 – POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description

Ohio Public Employee Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan - a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan - a defined contribution plan; and the Combined Plan - a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This 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 refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for 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. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2016 CAFR for details.

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 OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.00 percent of earnable salary, and public safety and law enforcement employers contributed at 18.10 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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0% during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0.0% for both plans. The OPERS Board is also authorized to establish rules for the retirees 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 for Member-Directed Plan participants for 2017 was 4.0%.

NOTE 8 – POST-EMPLOYMENT BENEFITS (CONTINUED)

The City’s actual employer contributions for December 31, 2017, 2016 and 2015 which were used to fund post-employment benefits were \$177,882, 347,147, and \$331,145, respectively; 92.3 percent has been contributed for 2017 and 100 percent has been contributed for 2016 and 2015.

Ohio Police and Fire Pension Fund

Plan Description

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement 45.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164 and is also available on OP&F’s website at www.op-f.org.

Funding Policy

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24.0 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was .5% of covered payroll from January 1, 2017 through December 31, 2017. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

City of Cuyahoga Falls, Ohio

NOTE 8 – POST-EMPLOYMENT BENEFITS (CONTINUED)

The City's annual contributions for December 31, 2017, 2016, and 2015 that were used to fund post-employment benefits were \$26,100 for police and \$29,181 for fire, \$25,535 for police and \$28,539 for fire, and \$28,426 for police and \$24,381 for fire, respectively; For 2017, 92.1 percent for police and 91.4 percent for firefighters, respectively, has been contributed and 100 percent has been contributed for 2016 and 2015.

NOTE 9 - COMPENSATED ABSENCES

Vacation leave is earned at rates, which vary depending upon length of service and standard workweek. Currently City policy permits vacation leave to be accumulated up to three weeks per year. City employees are paid for earned, unused vacation leave at the time of termination of employment.

Sick leave is earned by substantially all full-time employees and a portion of such sick leave may be paid in cash upon termination, retirement, or death, if certain service requirements are met. Specific sick leave cash-outs are based on formulas contained in union contracts and/or ordinances as follows:

Cash-out Limits	Employee Class	Affiliation
100% of accumulated sick leave up to a maximum of 960 hours	Non-bargaining employees Patrol Officers	None Blue (OPBA)*
	Community Service Officers Various government employees	Blue (OPBA)* American Federation of State, County, and Municipal Employees (AFSCME)
	Electric employees	Utility Workers of America Local #399
	Dispatchers	Fraternal Order of Police-Ohio Labor Council, Inc. (FOP-OLC)
100% of accumulated sick leave up to a maximum of 1,500 hours	Police Sergeants/Lieutenants	Gold (OPBA)*
	Police Captains/Chief	None
46.67% of accumulated sick leave up to a maximum of 2,704 hours	Firefighters	International Association of Firefighters Local #494 (IAFF)

* OPBA: Ohio Patrolman's Benevolent Association

Sick leave may be accumulated beyond these cash-out limits, but can only be used when employees are absent from work due to illness. Compensatory time is earned by substantially all regular non-management employees.

Compensatory time that is not used per union contracts and/or City ordinances is paid in cash to the appropriate employees in accordance with the Fair Labor Standards Act.

Employees who have qualified for a service pension (OPBA-Gold, OPBA-Blue, Dispatchers) or who are within three years of qualifying for a service pension (Non-bargaining, Utility Workers, Firefighters, AFSCME) are permitted to annually sell one-third of their accumulated sick leave hours, up to the maximum hours allowed for their employee class, during their last three years of employment with the City.

In compliance with union contracts, the City has established an Internal Service-Compensated Absence Fund to fund the sick leave and vacation cash out payments.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

A. Litigation

The City is involved in legal actions arising in the ordinary course of business. The City carries adequate insurance coverage for most risks including property damage, personal liability and estimates for any potential claims not covered by such insurance will not materially affect the City's results of operations or financial position.

B. Federal and State Grants

The City participates in state and federally assisted grant programs. The programs are subject to review and audit by the grantor agency or their representatives. It is not anticipated that any audit of federal or state grant programs, if conducted, would result in a material disallowance of grant expenditures. Therefore, no provision for possible refunds has been recorded.

C. Insurance Coverage

The City maintains a variety of liability insurance coverages with varying deductibles. Among these coverages are general liability with limits of \$2 million annually in the aggregate and \$1 million per occurrence, with a \$100,000 self-insurance retention, and property coverage with blanket limit per occurrence of \$145,216,526 with a deductible of \$10,000. In addition, the City has umbrella liability coverage with limits of \$10 million in the aggregate and \$10 million per occurrence.

D. Contingent Liabilities

The City is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The City's share was 50,000 kilowatts of a total 771,281 kilowatts, giving the City a 6.48 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed impaired and participants were obligated to pay costs already incurred. In prior years, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them.

As a result of a March 31, 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The City's estimated share at March 31, 2014 of the impaired costs is \$8,662,670. The City received a credit of \$2,484,523 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$2,261,243 related to the AMPGS costs deemed to have future benefit for the project participants, classified as Plant Held for Future Use (PHFU). The City also made payments of \$907,079 leaving a net impaired cost estimate of \$3,009,825. Because payment is now probable and reasonably estimable, the City is reporting a payable to AMP in its business-type activities and in its Electric Enterprise Fund for these impaired costs. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the City's liability. These amounts will be recorded as they become estimable.

In late 2016, AMP reached a Settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kW including the AMP General Fund's project share.

City of Cuyahoga Falls, Ohio

NOTE 10 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Since March 31, 2014, the City has made payments of \$1,410,846 to AMP toward its net impaired cost estimate. Also, since March 31, 2014, the City's allocation of additional costs incurred by the project is \$102,910 and interest expense incurred on AMP's line-of-credit of \$103,610, resulting in a net impaired cost estimate at December 31, 2015 of \$1,805,499. The City does have a Potential PHFU Liability of \$2,367,778 resulting in a net total potential liability of \$4,173,277, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the City's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

The City intends to these costs and repay AMP over the next 11 ½ years through a power cost adjustment, thus this incurred cost has been capitalized and reported as a regulated asset, as allowed by GASB Statement No. 62. Of this liability, the scheduled monthly payments for 2017, which total \$167,322, is considered the current portion.

NOTE 11 - CAPITAL LEASES

The City's lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date for governmental activities and business-type activities in the Statement of Net Position. The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Equipment (Dispatch Center Equipment)	\$ 2,441,577	\$ 0
Improvements (Building Lighting / Envelope)	115,267	16,902,526
Equipment (Copiers / Printers)	253,204	81,931
Equipment (Police Tactical Mobile Computers)	126,073	0
Equipment (Leaf Collectors)	0	181,763
Equipment (Street Sweeper)	245,877	0
Less: Accumulated Depreciation	<u>(2,698,833)</u>	<u>(6,592,236)</u>
Total	<u>\$ 483,165</u>	<u>\$ 10,573,984</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2017, were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2018	\$ 110,422	\$ 2,189,727
2019	66,180	2,142,522
2020	51,723	0
Total	<u>228,325</u>	<u>4,332,249</u>
Less: Amount representing interest	<u>(9,640)</u>	<u>(265,989)</u>
Present value of minimum lease payments	<u>\$ 218,685</u>	<u>\$ 4,066,260</u>

NOTE 12 - SHORT-TERM OBLIGATIONS

A summary of the changes in the City's short-term obligations for the year ended December 31, 2017, was as follows:

	Balance January 1, <u>2017</u>	<u>Issued</u>	<u>Retired</u>	Balance December 31, <u>2017</u>
General Obligation Bond Anticipation Notes				
<u>Governmental Activities:</u>				
Capital Projects Fund Obligations:				
1.75% Various Purpose Notes, due 8/8/18	\$ 0	\$ 7,155,000	\$ 0	\$ 7,155,000
Total Governmental Activities	0	7,155,000	0	7,155,000
<u>Business-type Activities:</u>				
Leisure Time Fund Obligations:				
2.00% Various Purpose Notes, due 11/30/17	1,650,000	0	1,650,000	0
Water Fund Obligations:				
2.00% Various Purpose Notes, due 11/30/17	1,800,000	0	1,800,000	0
1.75% Various Purpose Notes, due 8/8/18	0	150,000	0	150,000
2.25% Various Purpose Notes, due 11/29/18	0	1,800,000	0	1,800,000
Sewer Fund Obligations:				
1.75% Various Purpose Notes, due 8/8/18	0	780,000	0	780,000
Electric Fund Obligations:				
1.75% Various Purpose Notes, due 8/8/18	0	1,855,000	0	1,855,000
Total Business-Type Activities	3,450,000	4,585,000	3,450,000	4,585,000
Grand Total	\$ 3,450,000	\$ 11,740,000	\$ 3,450,000	\$ 11,740,000

On August 8, 2017, the City issued notes in the amount of \$9,940,000 in anticipation of the issuance of bonds, for the following purposes: Improving Front Street, Second Street, Oakwood Drive, Stow Avenue and Broad Boulevard between certain termini, including the installation of sidewalks, bike lanes, curbs, pavements, waterlines, sanitary sewer lines, storm sewer lines, storm water management systems, signalization, street lighting, turn lanes, and all related improvements; constructing and replacing storm and sanitary sewer lines, manholes, service connections and laterals on 18th Street between Ohio Avenue and Phelps Avenue, together with all necessary appurtenances thereto; constructing, reconstructing, improving and rehabilitating the City's Green Parking Garage, Blue Parking Garage and Red Parking Garage by the construction, improvement and installation of concrete and masonry, the waterproofing of existing structures, the construction of drainage upgrades, the acquisition and installation of electrical and lighting upgrades, and the acquisition and installation of new elevators and the modernization of existing elevators, and all related improvements and appurtenances. The notes mature on August 8, 2018 and have a stated interest rate of 1.75 percent.

On November 29, 2017, the City issued notes in the amount of \$1,800,000 in anticipation of the issuance of bonds, for the purpose of constructing waterlines in Graham Road. The notes mature on November 29, 2018 and have a stated interest rate of 2.25 percent.

City of Cuyahoga Falls, Ohio

NOTE 13 - LONG-TERM OBLIGATIONS

The original issue date, maturity date, interest rate, and original issuance amount for each of the City's bonds follows:

	Original Issue Date	Maturity Date	Interest Rate	Original Issue Amount
<u>Business-type Activities:</u>				
Enterprise Fund Obligations				
<u>Bonds Payable</u>				
1997 Sewer Improvement*	08/01/1997	12/01/2017	3.80%-5.25%	2,329,412
1997 Water Improvement*	08/01/1997	12/01/2017	3.80%-5.25%	2,070,588
1998 Sewer Improvement*	12/01/1998	12/01/2018	3.05%-4.70%	2,415,000
1998 Water Improvement*	12/01/1998	12/01/2018	3.05%-4.70%	4,925,000
2001 Water Improvement**	08/01/2001	12/01/2021	3.25%-4.55%	5,175,000
2004 Recreation Improvement***	04/08/2004	12/01/2024	2.00%-5.00%	8,000,000
2009 Various Purpose Refunding (Recreation)	10/14/2009	12/01/2037	2.00%-5.00%	8,040,000
2009 Various Purpose Refunding (1997)	10/14/2009	12/01/2017	2.00%-5.00%	2,177,000
2009 Various Purpose Refunding (1998)	10/14/2009	12/01/2018	2.00%-5.00%	3,895,000
2011 Various Purpose Refunding (2001 Water)	10/18/2011	12/01/2021	1.50%-3.00%	3,180,000
2012 Recreation Improvement Refunding	09/20/2012	12/01/2024	1.50%-2.50%	5,485,000
2016 Recreation Improvement Refunding	11/03/2016	12/01/2037	1.50%-4.00%	5,920,000
<u>Governmental Activities:</u>				
<u>Bonds Payable</u>				
Other General Obligation Bonds:				
1997 Various Purpose Improvement*	08/01/1997	12/01/2017	3.80%-5.25%	5,150,000
1998 Various Purpose Improvement*	12/01/1998	12/01/2018	3.05%-4.70%	1,025,000
2009 Various Purpose Refunding (1997)	10/14/2009	12/01/2017	2.00%-5.00%	2,548,000
2009 Various Purpose Refunding (1998)	10/14/2009	12/01/2018	2.00%-5.00%	545,000
2015 Land Acquisition and Improvement Bonds	08/05/2015	12/01/2042	0.85%-4.85%	6,185,000

Notes:

*Issue was advanced refunded by the City, (2009 Various Purpose Refunding) and it is being paid by escrow. City Funds are no longer making payment on this issue.

**Issue was advanced refunded by the City, (2011 Various Purpose Refunding) and it is being paid by escrow. City Funds are no longer making payment on this issue.

***Issue was advanced refunded by the City, (2012 Recreation Improvement Refunding) and it is being paid by escrow. City Funds are no longer making payment on this issue.

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

A summary of the changes in the City's long-term obligations for the year ended December 31, 2017, was as follows:

	Balance January 1, 2017	Issued 2017	Retired 2017	Balance December 31, 2017	Amount Due Within One Year
Business-type Activities:					
Enterprise Fund Obligations					
<u>Bonds Payable</u>					
2009 Various Purpose Refunding (1997 Sewer)	\$ 160,000	\$ 0	\$ 160,000	\$ 0	\$ 0
2009 Various Purpose Refunding (1998 Sewer)	318,000	0	157,000	161,000	161,000
2009 Various Purpose Refunding (1997 Water)	144,000	0	144,000	0	0
2009 Various Purpose Refunding (1998 Water)	651,000	0	321,000	330,000	330,000
2009 Various Purpose Refunding (Recreation)	450,000	0	220,000	230,000	230,000
2011 Various Purpose Refunding (2001 Water)	1,665,000	0	320,000	1,345,000	325,000
2012 Recreation Improvement Refunding	4,035,000	0	470,000	3,565,000	480,000
2016 Recreation Improvement Refunding	5,920,000	0	0	5,920,000	15,000
Unamortized Bond Discount	(66,161)	0	(10,904)	(55,257)	0
Unamortized Bond Premium	1,213,387	35,721	151,575	1,097,533	0
Total Business-type Activities Bonds Payable	<u>14,490,226</u>	<u>35,721</u>	<u>1,932,671</u>	<u>12,593,276</u>	<u>1,541,000</u>
<u>Other Obligations</u>					
Capital Lease Obligations (Note 11)	5,999,194	0	1,932,934	4,066,260	2,013,250
Payable to Joint Venture (Note 16)	394,379	0	376,392	17,987	0
Payable to AMP (Note 10, D)	2,013,879	53,738	167,322	1,900,295	167,322
Compensated Absences (Note 9)	2,178,810	142,245	148,457	2,172,598	476,849
Net Pension Liability: OPERS	10,794,497	4,634,230	989,714	14,439,013	0
Total Business-type Activities Other Obligations	<u>21,380,759</u>	<u>4,830,213</u>	<u>3,614,819</u>	<u>22,596,153</u>	<u>2,657,421</u>
Total Business-type Activities	<u>\$ 35,870,985</u>	<u>\$ 4,865,934</u>	<u>\$ 5,547,490</u>	<u>\$ 35,189,429</u>	<u>\$ 4,198,421</u>
Governmental Activities:					
<u>Bonds Payable</u>					
Other General Obligation Bonds:					
2009 Various Purpose Refunding ('97 Rec)	\$ 356,000	\$ 0	\$ 356,000	\$ 0	\$ 0
2009 Various Purpose Refunding ('98 Rec)	136,000	0	67,000	69,000	69,000
2015 Land Acquisition and Improvement Bonds	6,115,000	0	150,000	5,965,000	150,000
Unamortized Bond Discount	(16,721)	0	(643)	(16,078)	0
Unamortized Bond Premium	37,047	42,429	35,261	44,215	0
Total Governmental Activities Bonds Payable	<u>6,627,326</u>	<u>42,429</u>	<u>607,618</u>	<u>6,062,137</u>	<u>219,000</u>
<u>Other Obligations</u>					
Capital Lease Obligations (Note 11)	600,146	0	381,461	218,685	104,773
Compensated absences (Note 9)	6,819,049	604,225	427,953	6,995,321	1,793,206
Claims and Judgments Payable (Note 15)	641,430	5,036,446	4,999,750	678,126	610,428
Other post-employment benefit obligation (Note 19)	2,606,715	831,957	531,034	2,907,638	0
Net Pension Liability: OPERS	11,052,290	4,744,903	1,013,350	14,783,843	0
Net Pension Liability: OP&F	31,901,791	3,185,048	3,253,011	31,833,828	0
Total Governmental Activities Other Obligations	<u>53,621,421</u>	<u>14,402,579</u>	<u>10,606,559</u>	<u>57,417,441</u>	<u>2,508,367</u>
Total Governmental Activities	<u>\$ 60,248,747</u>	<u>\$ 14,445,008</u>	<u>\$ 11,214,177</u>	<u>\$ 63,479,578</u>	<u>\$ 2,727,367</u>

City of Cuyahoga Falls, Ohio

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

The above schedule of long-term obligations differs from liabilities reported on the government-wide statement of net position as a result of the compensated absences payable associated with business-type activities being included with the long-term liabilities of the governmental activities. The Compensated Absences Internal Service Fund is responsible for the payment of both governmental and business-type compensated absences liabilities. Since governmental activities are the primary user of the internal service fund, GAAP requires that the long-term liabilities of the internal service fund be reported among the governmental activities. A reconciliation of the schedule of long-term obligations to the statement of net position at December 31, 2017 were as follows:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Long-term obligations per schedule above	\$ 63,479,578	\$ 35,189,429	\$ 98,669,007
Consolidation of compensated absences claim			
Internal service fund into governmental activities	<u>2,172,598</u>	<u>(2,172,598)</u>	<u>-</u>
Long-term obligations on government-wide statement of net position	<u>\$ 65,652,176</u>	<u>\$ 33,016,831</u>	<u>\$ 98,669,007</u>

Of the \$2,172,598 of business-type compensated absences to be paid from the Compensated Absences Internal Service Fund (which is consolidated with the governmental activities on the statement of net position), \$476,849 is due within one year.

As of December 31, 2017, the City's legal debt margin (the ability to issue additional amounts of general obligation bonded debt without a vote of the electors) was \$47,055,554. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2017 (excluding capital leases) are as follows:

Year	Business-type Obligations		Governmental Activities Obligations	
	Principal	Interest	Principal	Interest
2018	\$ 1,541,000	\$ 354,243	\$ 219,000	\$ 253,560
2019	1,045,000	317,875	155,000	248,940
2020	1,065,000	296,475	160,000	245,530
2021	1,095,000	273,775	160,000	241,450
2022	760,000	248,275	165,000	237,050
2023-2027	2,420,000	930,900	915,000	1,099,740
2028-2032	1,640,000	598,800	1,115,000	903,480
2033-2037	1,985,000	244,400	1,390,000	628,423
2038-2042	<u>0</u>	<u>0</u>	<u>1,755,000</u>	<u>263,113</u>
Total	<u>\$ 11,551,000</u>	<u>\$ 3,264,743</u>	<u>\$ 6,034,000</u>	<u>\$ 4,121,286</u>

All general obligation bonds and notes issued by the City are backed by its full faith and credit. This includes the general property taxing power permitted within the tax limitation of the City Charter.

NOTE 14 - INTERFUND TRANSFERS AND BALANCES

A. Transfers

As of December 31, 2017, interfund transfers were as follows:

Transfers Out	Transfers In				Total
	Capital Projects Fund	Nonmajor Governmental Funds	Electric Fund	Leisure Time Fund	
General Fund	\$ 510,000	\$ 2,425,000	\$ 1,756,165	\$ 510,428	\$ 5,201,593
Total	\$ 510,000	\$ 2,425,000	\$ 1,756,165	\$ 510,428	\$ 5,201,593

The General Fund transfers to the Capital Projects Fund, Nonmajor Governmental Funds and the Leisure Time Fund were made to provide additional resources. The transfer to the Electric Fund represents electric kWh tax for sales “inside” the City of Cuyahoga Falls, which is initially recorded as other local tax revenue in the General Fund and transferred to the Electric Fund for customer rate stability.

As of December 31, 2017, net transfers on the Statement of Activities is as follows:

	Electric kWh "Inside Sales"	Leisure Time Additional Resources	Storm Drainage Capital Contribution	Total Statement of Activities Transfers
Governmental Activities Transfer Out	\$ (1,756,165)	\$ (510,428)	\$ (116,079)	\$ (2,382,672)
Business-type Activities Transfer In	\$ 1,756,165	\$ 510,428	\$ 116,079	\$ 2,382,672

City of Cuyahoga Falls, Ohio

NOTE 14 - INTERFUND TRANSFERS AND BALANCES (CONTINUED)

B. Balances

Interfund balances represent utilities, workers' compensation contributions, and internal charges owed between funds at year-end.

Interfund balances, including advances, at December 31, 2017 are as follows:

	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
<u>Government Funds</u>		
General Fund	\$ 185,428	\$ 137,381
Special Revenue Funds:		
Street Construction, Maintenance and Repair	0	10,698
Recreation Levy	160,000	1,845
Community Development Block Grant	<u>0</u>	<u>15</u>
	<u>160,000</u>	<u>12,558</u>
Total Governmental Funds:	<u>345,428</u>	<u>149,939</u>
 <u>Proprietary Funds</u>		
Enterprise Funds:		
Sewage and Disposal	39,256	143,723
Water	0	246,540
Electric	761,024	3,865
Sanitation	14,716	116,239
Leisure Time	0	518,119
Storm Drainage Utility	<u>15,802</u>	<u>28</u>
	<u>830,798</u>	<u>1,028,514</u>
Internal Service Funds:		
Garage	0	3,938
Self Insurance	0	11
Workers' Compensation	<u>6,176</u>	<u>0</u>
	<u>6,176</u>	<u>3,949</u>
Total Proprietary Funds	<u>836,974</u>	<u>1,032,463</u>
Total All Funds	<u>\$ 1,182,402</u>	<u>\$ 1,182,402</u>

NOTE 15 - RISK MANAGEMENT

It is the policy of the City to purchase commercial insurance for the risk of losses in the following areas: comprehensive general liability, auto liability, property and boiler, law enforcement professional liability, umbrella excess liability and public officials' errors and omissions. The City believes in minimizing its risk through the procurement of the aforementioned coverages. These policies maintain the same level of coverage that was provided in previous years.

Liabilities exceeding the umbrella excess liability amount and deductible amounts are recorded when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Management believes that incurred, but not reported claims, if any, are immaterial. Settlements for the past three fiscal years have not exceeded the insurance coverage/policy limits during those years.

A. Self -Insurance Internal Service Fund

On April 1, 2007, the City changed healthcare coverage to Medical Mutual of Ohio (MMO). Claims are fully paid by the City for full-time employees and COBRA participants through the City's Self-Insurance Internal Service Fund, which provides funding for health-care coverage. MMO reviews all claims in accordance with the Summary Plan Description and claims are then paid by the Self-Insurance Fund. For the fiscal coverage year January 1, 2016 through December 31, 2017, the City has purchased specific stop-loss coverage of \$250,000 per person. Aggregate stop-loss coverage was eliminated on June 1, 2010.

The Self-Insurance Fund generates revenues by charging an actuarially determined premium to each fund based on the number of full-time employees and COBRA participants enrolled for health-care coverage. Beginning January 1, 2016, City employees were offered more than one health care plan, including a high-deductible health plan with a Health Savings Account (HSA). In addition, this was the first year employee contributions were required.

Contributions are a percentage of budgeted health care costs. The budgeted health care costs include all costs in the self-insurance fund budget with the exception of dental and vision costs. The contribution percentages are 0% for the HSA plan, 5% for the PPO Base and 15% for the PPO Premium. Should costs increase unexpectedly, the health care committee has the ability to address the factors increasing cost to maintain minimal increases. Contributions cannot increase more than 25% per year. The Self-Insurance Fund pays all claims, stop-loss coverage and administrative fees for health-care coverage. A liability, in the amount of \$610,428 has been recorded to reflect the outstanding claims as of December 31, 2017. Most health insurance claims are presented for payment to the City within several months after services are rendered.

B. Workers' Compensation Internal Service Fund

As a result of the Ohio Bureau of Workers' Compensation (BWC) decision to change from retrospective to prospective premium charges in 2016, the City dropped out of the Individual Retrospective Rating Plan and joined the Ohio Municipal League Group Retrospective Rating Plan effective January 1, 2015.

Under the Individual Retrospective Rating Plan, the City pays all claim-related expenses on an annual basis, for a period of ten years from the date of injury. At the tenth year, the BWC actuarially determines the expected future cost (reserve) of all active ten-year-old claims and bills the City. The BWC then assumes all future liability for those claims. Due to the switch to Group, the City's liability under the Individual rating plan ends 12/31/2023.

For 2017, the Group Retrospective Rating minimum premium paid by the City was \$505,758 and the total retroactive claims credit (2008-2014) was \$12,731 for a total of \$493,027. For 2018, the estimated prospective rating premium is \$491,651.

City of Cuyahoga Falls, Ohio

NOTE 15 - RISK MANAGEMENT (CONTINUED)

As a participant in the Group Retrospective Rating Plan, the City is eligible to receive Group Retrospective Annual Evaluation Rebates. In 2017, the City received a \$64,380 rebate for the 2015 plan year. In 2018, the City will receive another Evaluation Rebate for plan year 2015, and an additional rebate for the 2016 plan year. In addition, the City received a one-time rebate of \$319,952 as part of the BWC's "Third Billion Back" rebate in 2017. The BWC recently announced that a "More Than a Billion Back Again" rebate is forthcoming in July 2018.

Participation in a Group plan allows the risk to be spread over multiple organizations. Active management of each claim, from inception, also offers the City the opportunity to reduce the cost of each claim, thereby reducing the City's cost.

The City's Workers' Compensation Internal Service Fund pays for all claims, claim reserves and administrative costs of the program. The Workers' Compensation Internal Service Fund is allocated investment revenue based on City Ordinance. The claims liability is recorded based on an actuarial determination of future claims, review of five years of claim liabilities and claim payment trends including the settlement to the Bureau after the tenth year.

	2015		2016		2017	
	Self-Insurance	Workers' Compensation	Self-Insurance	Workers' Compensation	Self-Insurance	Workers' Compensation
Unpaid claims-January 1	\$ 318,832	\$ 370,235	\$ 399,680	\$ 385,181	\$ 397,713	\$ 243,717
Incurred claims (including IBNRs)	4,188,181	108,798	4,009,561	11,710	5,135,767	(99,321)
Claim payments made during the year	(4,107,333)	(93,852)	(4,011,528)	(153,174)	(4,923,052)	(76,698)
Unpaid claims-December 31	\$ 399,680	\$ 385,181	\$ 397,713	\$ 243,717	\$ 610,428	\$ 67,698

NOTE 16 - INVESTMENTS IN JOINT VENTURES

A. Ohio Municipal Electric Generation Agency Joint Venture 1 (OMEGA JV-1)

The City's Electric Enterprise Fund participates in a joint venture agreement with 20 other municipal electric systems who have formed the Ohio Municipal Electric Generation Agency Joint Venture 1 (OMEGA JV1) for the purpose of providing electric power and energy to its participants on a cooperative basis. The electric generating facilities of OMEGA JV1, known as the Eagle Units, are located in the City. Title to these six diesel-powered generating units was transferred to the 21 municipal electric systems from American Municipal Power, Incorporated (AMP), a non-profit trade association and wholesale power supplier for 132 members in nine states. Each member has a contract, which provides for AMP-Ohio to purchase the right to each participant's share of power and energy that is made available through the joint venture contract. The City's net investment and its share of the operating results of OMEGA JV-1 are reported in the City's statement of net position as "investment in joint ventures". The city's equity interest in OMEGA JV-1 was \$66,157 at December 31, 2017. Complete financial statements for OMEGA JV-1 can be obtained from AMP-Ohio or from the City's Finance Director.

B. Ohio Municipal Electric Generation Agency Joint Venture 2 (OMEGA JV-2)

The City of Cuyahoga Falls is a Financing Participant and an Owner Participant with percentages of liability and ownership of 9.52% and 7.46% respectively and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement (Agreement), the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the

NOTE 16 - INVESTMENTS IN JOINT VENTURES (CONTINUED)

acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP and to pay or incur the costs of the same in accordance with the Agreement.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Distributive Generation Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. Under the terms of the Agreement each Financing Participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2017, the City of Cuyahoga Falls has met its debt coverage obligation.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership bases. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As of December 31, 2017, the outstanding debt was \$188,606. The City's net obligation for this amount at December 31, 2017 was \$17,987. The City's net investment in OMEGA JV2 was \$749,220 at December 31, 2017. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

C. Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV-5)

The City of Cuyahoga Falls is a Financing Participant with an ownership percentage of 16.67%, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Also pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA

City of Cuyahoga Falls, Ohio

NOTE 16 - INVESTMENTS IN JOINT VENTURES (CONTINUED)

JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2017, Cuyahoga Falls has met/not met its debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. On January 29, 2016, OMEGA JV5 issued the 2016 Beneficial Interest Certificates ("2016 Certificates") in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs.

The City's net investment and its share of operating results of OMEGA JV5 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV5 was \$498,081 at December 31, 2017. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

D. Ohio Municipal Electric Generation Agency Joint Venture 6 (OMEGA JV-6)

The City of Cuyahoga Falls is a Financing Participant with an ownership percentage of 25.00%, and shares participation with nine other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 6 (OMEGA JV6). Financing Participants, after consideration of the potential risks and benefits can choose to be Owner Participants or Purchaser Participants. Owner Participants own undivided interests, as tenants in common in the Project in the amount of its Project Share. Purchaser Participants purchase the Project Power associated with its Project Share.

Pursuant to the OMEGA Joint Venture JV6 Agreement (Agreement), the participants agree jointly to plan, acquire, construct, operate and maintain the Project, and hereby agree, to pay jointly for the electric power, energy and other services associated with the Project.

OMEGA JV6 was created to construct four (4) wind turbines near Bowling Green Ohio. Each turbine has a nominal capacity of 1.8 MW and sells electricity from its operations to OMEGA JV6 Participants.

NOTE 16 - INVESTMENTS IN JOINT VENTURES (CONTINUED)

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Adjustable Rate Revenue Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV6, any excess funds shall be refunded to the Non-Financing Participants in proportion to each Participant's Project Share and to Financing Participant's respective obligations first by credit against the Financing Participant's respective obligations. Any other excess funds shall be paid to the Participants in proportion to their respective Project Shares. Under the terms of the Agreement each financing participant is to fix, charge and collect rates, fees, charges, including other available funds, at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV6 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2017, Cuyahoga Falls has met its debt coverage obligation.

The Agreement provides that the failure of any JV6 participant to make any payment due by the due date constitutes a default. In the event of a default and one in which the defaulting Participant failed to cure its default as provided for in the Agreement, the remaining participants would acquire the defaulting Participant's interest in the project and assume responsibility for the associated payments on a pro rata basis up to a maximum amount equal to 25% of such non-defaulting Participant's Project share ("Step Up Power").

OMEGA JV6 is managed by American Municipal Power, Inc., which acts as the joint venture's agent. On July 30, 2004 AMP issued \$9,861,000 adjustable rate bonds that mature on August 15, 2019. The interest rate on the bonds will be set every six months until maturity. No fixed amortization schedule exists. The net proceeds of the bond issues were used to construct the OMEGA JV6 Project. On August 15, 2015 the remaining balance was paid on the OMEGA JV6 Bonds.

The City's net investment and its share of operating results of OMEGA JV6 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV6 was \$1,289,584 at December 31, 2017. Complete financial statements for OMEGA JV6 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

NOTE 17 – OTHER COMMITMENTS

Construction Commitments

As of December 31, 2017, the City had the following significant commitments with respect to projects requiring capital expenditures:

<u>Capital Project</u>	2017 Remaining Construction <u>Contract</u>	Expected Date of <u>Completion</u>
Downtown Transformation Design-Build	\$ 2,789,006	2018
2018 Ford E450 Braun Chief XL Ambulance	256,278	2018
Repairs & Modifications to the Red Parking Garage	248,230	2018
Repairs & Modifications to the Blue Parking Garage	728,357	2018
Repairs & Modifications to the Green Parking Garage	324,093	2018
28-Yard Heil Odyssey Front Loader	347,930	2018
28-Yard Heil DuraPack Side Loader	301,579	2018
Portable radios and accessories	481,089	2018
Dispatch Consoles	547,703	2018

City of Cuyahoga Falls, Ohio

NOTE 17 – OTHER COMMITMENTS (CONTINUED)

Encumbrances

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance. At year end, the City's commitments for encumbrances in governmental funds were as follows:

<u>Fund</u>	<u>Amount</u>
General	\$ 155,592
Capital Projects Fund	0
Other Governmental	291,131
Total Governmental Funds	<u>\$ 446,723</u>

Per Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, it is not permissible to report positive assigned fund balance, while you have negative unassigned fund balance." Therefore, assigned encumbrances were not recorded in the Capital Projects Fund.

NOTE 18 – 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 governmental funds in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The constraints placed on fund balance for the major governmental funds and all other governmental funds are in the following presentation:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<i>Nonspendable</i>				
Inventory of supplies	\$ 161,867	\$ -	\$ 793,603	\$ 955,470
Prepaid items	139,712	-	23,429	163,141
Cemetery perpetual care	-	-	244,782	244,782
<i>Total nonspendable</i>	<u>301,579</u>	<u>-</u>	<u>1,061,814</u>	<u>1,363,393</u>
<i>Restricted for</i>				
Development federal programs	45,769	-	2,746,843	2,792,612
Debt service reserves	-	-	14,198	14,198
Streets and highways	-	-	1,705,055	1,705,055
Police pension	-	-	14,089	14,089
Fire pension	-	-	(11,635)	(11,635)
Parks and recreation improvements	-	-	953,599	953,599
Enterprise zone / community reinvestment area	-	-	58,947	58,947
Other law enforcement	-	-	618,253	618,253
Tax increment finance district area uses	-	-	1,029	1,029
<i>Total restricted</i>	<u>45,769</u>	<u>-</u>	<u>6,100,378</u>	<u>6,146,147</u>
<i>Committed to</i>				
In lieu of public site subdivision regulations	-	-	-	-
Urban renewal area	-	-	1,703	1,703
<i>Total committed</i>	<u>-</u>	<u>-</u>	<u>1,703</u>	<u>1,703</u>
<i>Assigned to</i>				
Outstanding encumbrances:				
Security of persons and property	79,857	-	-	79,857
Leisure time activities	3,111	-	-	3,111
Community environment	23,803	-	-	23,803
General Government	48,821	-	-	48,821
Fiscal year 2018 appropriations	915,238	-	-	915,238
<i>Total assigned</i>	<u>1,070,830</u>	<u>-</u>	<u>-</u>	<u>1,070,830</u>
Unassigned	10,262,546	(3,000,477)	-	7,262,069
Total fund balances	<u>\$ 11,680,724</u>	<u>\$ (3,000,477)</u>	<u>\$ 7,163,895</u>	<u>\$ 15,844,142</u>

NOTE 19 – OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City provides post-employment health care and life insurance benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefit, benefit levels, and employer contributions are governed by the City and can be amended by the City through its union contracts and City Council. The activity of the plan, including pay-as-you-go expenses are made from and reported in the City's Self Insurance Internal Service Fund.

Benefits Provided

The City provides post-employment life insurance benefits to its retirees having at least five years of continuous service and health care benefits to its retirees having a minimum of 12 years of continuous full-time service with the City immediately before the date of retirement. The City has historically funded its retiree health care benefits on a pay-as-you-go basis. For the year ended December 31, 2017, the City contributed \$535,413 to the 204 retirees and/or family members receiving benefits. Eligibility and description of benefits are as follows:

General Employees. General employees hired prior to January 1, 2004 are eligible for the City's explicit subsidy at the earlier of:

1. Age 60 with 20 years of service
2. Age 52 with 31 years of service; or
3. 30 years of service

General employees hired on/after January 1, 2004 are not eligible for the City's explicit subsidy, with the exception of Electric Union employees hired prior to 2009.

Police Officers. Police Officers hired prior to April 1, 2006 are eligible for the City's explicit subsidy at the earlier of:

1. Age 48 with 25 years of service; or
2. Age 62 with 15 years of service

Police Officers hired on/after April 1, 2006 are not eligible for the City's explicit subsidy.

Firefighters. Firefighters hired prior to February 1, 2006 are eligible for the City's explicit subsidy at the earlier of:

1. Age 48 with 25 years of service; or
2. Age 62 with 15 years of service

Firefighters hired on/after February 1, 2006 are not eligible for the City's explicit subsidy.

For eligible retirees, the City reimburses:

1. Up to a fixed dollar amount to reimburse retirees for their contributions paid into the State Health Plan (Premium Reimbursement Subsidy), and
2. Up to fixed dollar amount for co-payments and deductibles that vary by employee group (Co-pay and Deductible Subsidy).

General Employees. Retired general employees receive one reimbursement amount that will cover both reimbursements regardless of coverage level. This benefit is payable until the younger of the retiree or spouse turns 65. This benefit will continue to a surviving spouse of retired employee until the surviving spouse is 65 or no longer qualifies. The annual reimbursement amount effective January 1, 2017 is \$8,831.18 for retirees who have single or family coverage level. The reimbursement is increased 5.0% per year.

City of Cuyahoga Falls, Ohio

NOTE 19 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Police Officers. The 2018 annual subsidy amounts for police officers are as follows:

	Premium Reimbursement		Co-pay and Deductible
	<65	65+	All ages
Retiree	\$2,235.28	\$1,999.58	\$400
Spouse	\$3,370.15	\$3534.79	N/A*

*The co-payment and deductible subsidy is the same for retirees with single or family coverage.

Firefighters. The 2018 annual subsidy amounts for firefighters are as follows:

	Premium Reimbursement		Co-pay and Deductible
	<65	65+	All ages
Firefighters who retired prior to 2006			
Retiree	\$3,606.96	\$1,942.20	Unlimited
Spouse	\$7,912.56	N/A	

Firefighters who retired on/after 2006

Retiree	\$2,235.28	\$2,235.28	\$700
Spouse	\$3,370.15	\$3,370.15	N/A*

*The co-insurance co-payment and deductible subsidy is the same for retirees with single or family coverage.

Annual OPEB Costs and Net OPEB Obligation

The City had an actuarial valuation performed for the plan as of December 31, 2016 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC), and an update for Net OPEB Obligation as December 31, 2016. Since the City did not have significant turnover, change in enrollment to its health plan or change in benefit structure for retirees, an update was made by the company who performed the actuarial valuation. As of December 31, 2017, the annual required contribution (ARC) remained \$926,027 and the City's annual employer contribution for pay-as-you-go cost was \$535,413, leaving an adjusted Net OPEB Obligation of \$2,907,638 as of the end of the year. This liability is recorded in the Self Insurance Internal Service Fund statement as well as within governmental activities in the City's Statement of Net Position.

Funded Status and Funding Progress

The funded status of the plan as of December 31, 2017, was as follows:

As of	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Percentage of Covered Payroll
January 1, 2017	\$0	\$9,614,582	\$9,614,582	0.0%	\$29,973,596	32.1%
January 1, 2016	\$0	\$9,614,582	\$9,614,582	0.0%	\$29,405,946	32.7%
January 1, 2015	\$0	\$9,998,770	\$9,998,770	0.0%	\$28,363,172	35.3%

NOTE 19 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

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 health care cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financing reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

In the December 31, 2016 actuarial valuation (the most recent information), the Projected Unit Credit with linear proportion to decrement method was used. The actuarial assumptions include a discount rate of 4.5 percent unfunded, 8 percent fully-funded, a projected payroll growth rate of 3 percent, a health care cost trend rate of 5 percent and a rate of inflation of 3 percent. The actuarial value of assets was zero. The plan’s unfunded actuarial accrued liability is being amortized as a level percentage of pay over twenty years based on a closed group.

The table below presents the annual post-employment benefit cost, percentage of the annual post-employment benefit cost contributed, and the net pension obligation/net other post-employment benefit obligation for both the current year and the two preceding years.

As of	Annual Required Contribution (ARC)	Interest on Net OPEB	Adjustment to the ARC	Annual OPEB Cost	Employer Contributions	Other adjustments	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	Increase/ (Decrease) in the Net OPEB
December 31, 2017	\$926,027	\$117,302	(\$206,993)	\$836,336	\$535,413	\$0	64.0%	\$2,907,638	\$300,923
December 31, 2016	\$926,027	\$102,535	(\$175,167)	\$853,395	\$525,241	\$0	61.6%	\$2,606,715	\$328,154
December 31, 2015	\$929,344	\$86,710	(\$139,788)	\$876,266	\$524,602	\$0	59.9%	\$2,278,561	\$351,664

NOTE 20 – JOINTLY GOVERNED ORGANIZATIONS

Boston Township-City of Cuyahoga Falls Joint Economic Development District (District)

The City of Cuyahoga Falls entered into a contractual agreement with Boston Township on March 1, 2004 to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the State, the County, the City, the Township and the District. The District is directed by a six member Board of Directors, in which two members representing the City are appointed by the Mayor; two members representing the Township are appointed by the Township trustees; one member representing active businesses within the District, who shall be a resident of the Township, is appointed by the Township Trustees and one member representing the employees of active businesses within the District, who shall be a City resident is appointed by the Mayor. The territorial boundaries of the District is located in the Township and known as being a part of Township lots 7, 8 and 9. The agreement requires the Board of Directors of the District to impose an income tax equal to 2 percent of gross taxable income of persons working in the District, with said tax to increase or decrease to remain consistent with the Cuyahoga Falls income tax. Income tax revenues in excess of those provided to the District shall be paid or credited each quarter by the City’s Tax Administrator without need of further action by the Treasurer of the Board in the following manner: forty Percent of that amount to be paid or credited to the Township and the remaining sixty Percent of that amount to be paid or credited to the City. The District distributes the income tax receipts to the City and Township in the month subsequent to receipt collection.

City of Cuyahoga Falls, Ohio

NOTE 20 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

The revenues of that income tax shall be used for the purpose of the District and the contracting parties pursuant to the District's contract and may be used for any purpose not prohibited by law. The City is the fiscal agent for the District. Upon termination of the contract, any property, assets and obligations of the District shall be divided equally between the City and the Township; provided that the District shall first use any property or assets to reduce or settle any obligations of the District.

Akron Metropolitan Area Transportation Study

The City participates in the Akron Metropolitan Area Transportation Study (AMATS). The basic mission of AMATS is to provide quality transportation planning for an effective and efficient transportation system. The Akron metropolitan area includes Summit and Portage counties and a portion of Wayne County. AMATS is led by the AMATS Transportation Policy Committee. The City is a member of the 45 member Policy Committee that is responsible for the preparation of regional transportation policies, plans and programs that meet the areas present and future needs. In 2017, the City contributed \$9,774 to the Akron Metropolitan Area Transportation Study, which represents the City's formula share.

NOTE 21 – TAX ABATEMENT DISCLOSURES

The establishment of Community Reinvestment Areas gives the City the ability to attract, retain and expand businesses located in the City. Residential abatements are provided to encourage investment in certain areas of the City where repair of existing structures or construction of new structures has been discouraged.

Pursuant to the Ohio Revised Code Chapter 5709, the City established three (3) Community Reinvestment Areas. The areas were created after 1994. The City provides both commercial and residential abatements under certain circumstances outlined in the legislation.

The City authorizes business incentives through passage of public ordinances, based upon investment criteria and through a contractual application process. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvement(s). The City of Cuyahoga Falls offers businesses CRA property tax abatements based upon a project investment of at least \$250,000 and the creation or retention of jobs. The City also compensates, under certain circumstances, the various school districts for revenues lost due to tax exemptions as required by 5709.82 of the Ohio Revised Code.

Certain residential projects are offered incentives through the passage of the public ordinances listed above. An application is submitted to the County. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvement(s). In both residential and commercial abatements, the amount of the abatement is deducted from the owners' property tax bill.

Total amount of taxes abated for projects for year ending 12/31/2017:

Commercial = \$ 560,504.84

Residential = \$ 22,367.75

NOTE 22 – CHANGES IN ACCOUNTING PRINCIPALS

The City has implemented the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The implementation of GASB Statement No. 74 did not have an effect on the financial statements of the City.

GASB Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the City.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The object of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the City.

GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on City's beginning net position.

**REQUIRED SUPPLEMENTARY
INFORMATION**

**Required Supplementary Information
Schedule of City's Proportionate Share of Net Pension Liability/Net Pension Asset
Ohio Public Employees Retirement System (OPERS)
Last Four Years (1)**

Traditional Plan	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.128688%	0.126127%	0.127518%	0.127518%
City's Proportionate Share of the Net Pension Liability	\$29,222,856	\$21,846,787	\$15,380,096	\$15,032,710
City's Covered-Employee Payroll	\$16,456,900	\$15,699,108	\$15,685,492	\$15,313,362
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	177.57%	139.16%	98.05%	98.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%
Combined Plan	2017	2016	2015	2014
City's Proportion of the Net Pension (Asset)	0.144536%	0.156700%	0.167910%	0.167910%
City's Proportionate Share of the Net Pension (Asset)	(\$80,444)	(\$76,256)	(\$64,650)	(\$17,619)
City's Covered-Employee Payroll	\$556,786	\$570,242	\$618,417	\$494,446
City's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Employee Payroll	14.45%	13.37%	10.45%	3.56%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	116.55%	116.90%	114.83%	104.33%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

Amounts presented as of the City's measurement date which is the prior year end.

City of Cuyahoga Falls, Ohio

Required Supplementary Information Schedule of City's Proportionate Share of Net Pension Liability Ohio Police and Fire Pension Fund (OP&F) Last Four Years (1)

Police	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.2116715%	0.2069667%	0.2070668%	0.2070668%
City's Proportionate Share of the Net Pension Liability	\$13,407,060	\$13,314,310	\$10,726,924	\$10,084,803
City's Covered-Employee Payroll	\$5,085,095	\$4,680,253	\$4,562,400	\$5,701,093
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	263.65%	284.48%	235.12%	176.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.36%	66.77%	71.71%	73.00%
Fire	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.2909230%	0.2889364%	0.2967296%	0.2967296%
City's Proportionate Share of the Net Pension Liability	\$18,426,768	\$18,587,481	\$15,371,831	\$14,451,662
City's Covered-Employee Payroll	\$5,708,877	\$5,285,672	\$5,343,464	\$6,179,778
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	322.77%	351.66%	287.68%	233.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.36%	66.77%	71.71%	73.00%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

Amounts presented as of the City's measurement date which is the prior year end.

**Required Supplementary Information
Schedule of City Contributions
Ohio Public Employees Retirement System (OPERS)
Last Five Years (1)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Contractually Required Contributions</u>					
Traditional Plan	\$ 2,205,934	\$ 1,974,828	\$ 1,883,893	\$ 1,882,259	\$ 1,990,737
Combined Plan	74,704	66,814	68,429	74,210	64,278
Total Required Contributions	2,280,638	2,041,642	1,952,322	1,956,469	2,055,015
Contributions in Relation to the Contractually Required Contribution	<u>(2,280,638)</u>	<u>(2,041,642)</u>	<u>(1,952,322)</u>	<u>(1,956,469)</u>	<u>(2,055,015)</u>
Contribution Deficiency / (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
<u>City's Covered-Employee Payroll</u>					
Traditional Plan	\$ 16,968,723	\$ 16,456,900	\$ 15,699,108	\$ 15,685,492	\$ 15,313,362
Combined Plan	\$ 574,646	\$ 556,786	\$ 570,242	\$ 618,417	\$ 494,446
<u>Pension Contributions as a Percentage of Covered-Employee Payroll</u>					
Traditional Plan	13.00%	12.00%	12.00%	12.00%	13.00%
Combined Plan	13.00%	12.00%	12.00%	12.00%	13.00%

(1) Information prior to 2013 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

City of Cuyahoga Falls, Ohio

Required Supplementary Information Schedule of City Contributions Ohio Police and Fire Pension Fund (OP&F) Last Ten Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Contractually Required Contributions</u>					
Police	\$ 981,835	\$ 966,168	\$ 889,248	\$ 866,856	\$ 896,782
Fire	<u>1,367,334</u>	<u>1,341,586</u>	<u>1,242,133</u>	<u>1,255,714</u>	<u>1,250,169</u>
Total Required Contributions	2,349,169	2,307,754	2,131,381	2,122,570	2,146,951
Contributions in Relation to the Contractually Required Contribution	(2,349,169)	(2,307,754)	(2,131,381)	(2,122,570)	(2,146,951)
Contribution Deficiency / (Excess)	<u>\$ -</u>				
<u>City's Covered-Employee Payroll</u>					
Police	\$ 5,167,553	\$ 5,085,095	\$ 4,680,253	\$ 4,562,400	\$ 5,701,093
Fire	\$ 5,818,443	\$ 5,708,877	\$ 5,285,672	\$ 5,343,464	\$ 6,179,778
<u>Pension Contributions as a Percentage of Covered-Employee Payroll</u>					
Police	19.00%	19.00%	19.00%	19.00%	[1]
Fire	23.50%	23.50%	23.50%	23.50%	[1]

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>Contractually Required Contributions</u>					
Police	\$ 928,627	\$ 908,086	\$ 975,614	\$ 1,101,570	\$ 924,258
Fire	<u>1,285,282</u>	<u>1,255,091</u>	<u>1,253,837</u>	<u>1,296,683</u>	<u>1,237,338</u>
Total Required Contributions	2,213,909	2,163,177	2,229,451	2,398,253	2,161,596
Contributions in Relation to the Contractually Required Contribution	(2,213,909)	(2,163,177)	(2,229,451)	(2,398,253)	(2,161,596)
Contribution Deficiency / (Excess)	<u>\$ -</u>				
<u>City's Covered-Employee Payroll</u>					
Police	\$ 7,283,349	\$ 7,122,243	\$ 7,651,875	\$ 8,639,765	\$ 7,249,082
Fire	\$ 7,450,910	\$ 7,275,890	\$ 7,268,620	\$ 7,517,003	\$ 7,172,974
<u>Pension Contributions as a Percentage of Covered-Employee Payroll</u>					
Police	12.75%	12.75%	12.75%	12.75%	12.75%
Fire	17.25%	17.25%	17.25%	17.25%	17.25%

[1] – The portion of the City's contributions to fund pension obligations from January 1, 2013 thru May 31, 2013, for both police officers and firefighters was 14.81 percent and 19.31 percent, respectively. The portion of the City's contributions to fund pension obligations from June 1, 2013 thru December 31, 2013 for both police officers and firefighters was 16.65 percent and 21.15 percent, respectively.

**Notes to the Required Supplementary Information
December 31, 2017**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. See the notes to the basic financial statements for the methods and assumptions in this calculation.

**COMBINING STATEMENTS AND
INDIVIDUAL FUND STATEMENTS**

Major Governmental Funds

General Fund

To account for all financial resources except those required to be accounted for in another fund.

Capital Projects

To account for income tax revenue which must be used to fund capital projects in accordance with local law.

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 8,854,404	\$ 8,885,358	\$ 8,889,072	\$ 3,714
Income taxes	15,061,337	15,413,470	15,365,652	(47,818)
Other local taxes	2,349,800	2,412,800	2,399,446	(13,354)
State levied shared taxes	2,498,293	2,487,041	2,487,405	364
Intergovernmental	210,813	207,813	212,455	4,642
Charges for services	3,766,605	3,848,447	3,835,898	(12,549)
Fees, licenses, and permits	114,605	137,105	131,563	(5,542)
Interest earnings	450,000	555,000	557,977	2,977
Fines and forfeitures	252,000	229,500	229,318	(182)
Other	227,718	266,530	339,434	72,904
Total revenues	33,785,575	34,443,064	34,448,220	5,156
Expenditures				
Current				
Security of persons and property				
Police				
Personal services	7,263,508	7,263,508	7,126,723	136,785
Other operations	1,028,706	1,028,706	940,570	88,136
Total - Police	8,292,214	8,292,214	8,067,293	224,921
Fire				
Personal services	7,131,542	7,131,542	7,115,472	16,070
Other operations	828,194	828,195	786,631	41,564
Total - Fire	7,959,736	7,959,737	7,902,103	57,634
Technical Services				
Personal services	469,103	470,803	470,738	65
Other operations	68,754	67,054	54,357	12,697
Total - Technical Services	537,857	537,857	525,095	12,762
Communications				
Personal services	1,084,105	1,084,105	957,511	126,594
Other operations	174,783	174,783	157,943	16,840
Total - Communications	1,258,888	1,258,888	1,115,454	143,434
Total - Security of persons and property	18,048,695	18,048,696	17,609,945	438,751
Leisure time activities				
Parks & Recreation				
Personal services	1,625,684	1,625,684	1,574,401	51,283
Other operations	739,797	739,797	654,612	85,185
Total - Leisure time activities	2,365,481	2,365,481	2,229,013	136,468
Community environment				
Riverfront Centre District				
Personal services	283,864	283,864	279,420	4,444
Other operations	239,050	239,050	175,249	63,801
Total - Riverfront Centre District	522,914	522,914	454,669	68,245
Community / Economic Development				
Personal services	725,494	725,594	725,588	6
Other operations	231,091	242,991	207,652	35,339
Total - Community / Economic Development	956,585	968,585	933,240	35,345
Total - Community environment	1,479,499	1,491,499	1,387,909	103,590

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - General Fund
For the Year Ended December 31, 2017**

(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General government				
General Administration				
Other operations	\$ 964,837	\$ 964,837	\$ 859,454	\$ 105,383
Total - General Administration	964,837	964,837	859,454	105,383
Council				
Personal services	281,336	281,336	281,023	313
Other operations	2,513	2,513	1,187	1,326
Total - Council	283,849	283,849	282,210	1,639
Mayor				
Personal services	253,772	253,772	253,591	181
Other operations	7,958	7,958	5,294	2,664
Total - Mayor	261,730	261,730	258,885	2,845
Mayor's Court				
Personal services	156,764	156,764	133,696	23,068
Other operations	41,395	41,394	38,225	3,169
Total - Mayor's Court	198,159	198,158	171,921	26,237
Finance Director				
Personal services	778,581	776,681	771,306	5,375
Other operations	112,785	114,685	114,669	16
Total - Finance Director	891,366	891,366	885,975	5,391
Law Director				
Personal services	772,090	772,090	758,101	13,989
Other operations	143,384	143,384	106,786	36,598
Total - Law Director	915,474	915,474	864,887	50,587
Service Director				
Personal services	348,034	312,234	262,076	50,158
Other operations	12,196	46,152	38,258	7,894
Total - Service Director	360,230	358,386	300,334	58,052
Civil Service Commission				
Personal services	12,579	12,579	12,576	3
Other operations	34,236	36,080	11,289	24,791
Total - Civil Service Commission	46,815	48,659	23,865	24,794
Engineering				
Personal services	985,685	987,685	982,858	4,827
Other operations	67,863	68,863	67,760	1,103
Total - Engineering	1,053,548	1,056,548	1,050,618	5,930
Human Resources / Records				
Personal services	225,497	228,497	228,244	253
Other operations	21,266	18,266	16,871	1,395
Total - Human Resources / Records	246,763	246,763	245,115	1,648
Building and Grounds Maintenance				
Personal services	712,260	712,260	646,250	66,010
Other operations	514,649	530,155	440,454	89,701
Total - Building and Grounds Maintenance	1,226,909	1,242,415	1,086,704	155,711

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund For the Year Ended December 31, 2017

(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General government (Continued)				
Municipal Income Tax				
Personal services	315,459	315,459	256,750	58,709
Other operations	914,356	914,356	805,674	108,682
Total - Municipal Income Tax	1,229,815	1,229,815	1,062,424	167,391
Information Services				
Personal services	645,976	647,676	647,671	5
Other operations	145,325	143,625	124,738	18,887
Total - Information Services	791,301	791,301	772,409	18,892
Total - General government	8,470,796	8,489,301	7,864,801	624,500
Debt Service				
Principal	9,084	9,084	9,082	2
Interest	42	42	32	10
Total expenditures	30,373,597	30,404,103	29,100,782	1,303,321
Excess (deficiency) of revenues				
Over (under) expenditures	3,411,978	4,038,961	5,347,438	1,308,477
Other Financing (Uses)				
Transfers out	(5,053,428)	(5,261,428)	(5,201,593)	59,835
Total other financing (uses)	(5,053,428)	(5,261,428)	(5,201,593)	59,835
Net change in fund balances	(1,641,450)	(1,222,467)	145,845	1,368,312
Fund balance at beginning of year	8,728,788	8,728,788	8,728,788	-
Prior year encumbrances appropriated	261,456	261,456	261,456	-
Fund balance at end of year	\$ 7,348,794	\$ 7,767,777	\$ 9,136,089	\$ 1,368,312

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Capital Projects Fund
For the Year Ended December 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Income taxes	\$ 6,484,863	\$ 6,745,900	\$ 6,745,900	\$ -
Intergovernmental	440,465	1,385,291	1,385,291	-
Charges for services	1,415,000	1,251,587	1,247,331	(4,256)
Special assessments	155,321	73,554	74,240	686
Other	98,000	233,505	229,938	(3,567)
Total revenues	8,593,649	9,689,837	9,682,700	(7,137)
Expenditures				
Current				
Capital outlay	9,870,490	21,032,906	20,808,620	224,286
Debt service				
Principal	372,257	372,257	372,255	2
Interest	18,797	18,797	18,762	35
Total expenditures	10,261,544	21,423,960	21,199,637	224,323
Excess (deficiency) of revenues over (under) expenditures				
	(1,667,895)	(11,734,123)	(11,516,937)	217,186
Other Financing Sources				
Bond/note proceeds	-	7,193,862	7,197,429	3,567
Transfers in	402,000	507,311	510,000	2,689
Total other financing sources	402,000	7,701,173	7,707,429	6,256
Net change in fund balances	(1,265,895)	(4,032,950)	(3,809,508)	223,442
Fund balance at beginning of year	2,871,224	2,871,224	2,871,224	-
Prior year encumbrances appropriated	1,439,340	1,439,340	1,439,340	-
Fund balance at end of year	<u>\$ 3,044,669</u>	<u>\$ 277,614</u>	<u>\$ 501,056</u>	<u>\$ 223,442</u>

Nonmajor Governmental Funds

Special Revenue Funds	To account for specific revenues that are legally restricted to expenditure for particular purposes.
State Highway Improvement	Required by the Ohio Revised Code to account for that portion of the state gasoline tax and motor vehicle registration fees for maintenance of state highways within the City.
Street Construction, Maintenance and Repair	Required by the Ohio Revised Code to account for that portion of the state gasoline tax and motor vehicle registration fees for maintenance of streets within the City.
Police Pension	To accumulate property taxes and other monies for the payment of the current and accrued liability for police disability and pension benefits.
Fire Pension	To accumulate property taxes and other monies for the payment of the current and accrued liability for fire disability and pension benefits.
Recreation Levy	To account for income tax collections received, per codified ordinance. The revenue must be used for improvements made to parks and recreation facilities.
Permissive Tax	Required by the Ohio Revised Code to account for local vehicle license fees designated for the maintenance of streets within the City. These funds are controlled by the county and limited to non-residential connector streets.
Community and Economic Development	To account for monies received from the sale of City-owned properties in an urban renewal area.
Community Development Block Grant	To account for monies received from the federal government through the Department of Housing and Urban Development as a direct entitlement community. The funding received is to directly benefit low and moderate income persons in the community. Projects funded include housing rehabilitation, economic development activities, infrastructure projects, planning and administrative costs that meet the programs national objectives. Projects are approved via an annual action plan. Fund also accounts for repayments from previous activities related to participation in the Summit County program as a sub-recipient.
Enterprise Zone/Community Reinvestment Area	To account for fees collected from enterprises receiving a tax incentive through an enterprise zone agreement for the purpose of administering and monitoring the Enterprise Zone Agreement.
Drug Law Enforcement	To account for fines received by the City that are restricted under the Ohio Revised Code to subsidize law enforcement efforts that pertain to drug offenses.
Law Enforcement Trust	To account for proceeds from the sale of contraband that are restricted to subsidizing law enforcement efforts.

Nonmajor Governmental Funds (Continued)

Enforcement and Education

To account for proceeds realized from fines to pay only those costs incurred in enforcing Section 4511.19 of the Ohio Revised Code or a substantially similar municipal ordinance and in educating the public of laws governing the operation of a motor vehicle and the dangers of operation of a motor vehicle while under the influence of alcohol and other information relating to the operation of a motor vehicle and the consumption of alcoholic beverages.

Municipal Motor Vehicle License Tax

Required by the Ohio Revised Code to account for local vehicle license fees designated for the maintenance of certain streets within the City.

Federal Law Enforcement

To account for the subsidy received by the Police Department for its efforts pertaining to (1) complex investigations/prosecutions by the City's Police/Law Departments; (2) provision of technical training or expertise of a law enforcement nature for Police Department members; (3) provision of matching funds to obtain federal grants; and (4) for such other law enforcement purposes that are deemed appropriate.

Law Enforcement Assistance

To account for the reimbursement of professional training costs for law enforcement officers.

State Road Public Improvement Tax Increment Equivalent

To account for service payments and any associated rollback payments distributed to the City with respect to improvements on the property known as Portage Crossing. Moneys deposited in the fund shall be used to pay any and all planning, engineering, acquisition, construction, installation, financing costs and any other direct or indirect costs of the public improvement; interest and principal of bonds or notes; to reimburse the City, the State of Ohio or other governmental entity for any funds used to pay costs of the public improvement; and to compensated the school district pursuant to the School Agreement.

Debt Service Fund

To account for the accumulation of resources for and payment of general obligation principal, interest, and related expenditures.

Cemetery Perpetual Care Permanent Fund

To account for monies received for the perpetual care of cemetery lots. The amounts received are held as a permanent fund, and the interest received on the invested monies is available for care of the cemetery lots.

City of Cuyahoga Falls, Ohio

Combining Balance Sheet - Nonmajor Governmental Funds December 31, 2017

	Nonmajor Special Revenue Funds	Debt Service Fund	Cemetery Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
Assets				
Equity in pooled cash and cash equivalents	\$ 1,158,190	\$ 5,207	\$ 2,738	\$ 1,166,135
Investments	2,001,240	8,991	4,730	2,014,961
Cash and cash equivalents - restricted	-	-	-	-
Investments - restricted accounts	-	-	237,000	237,000
Receivables				
Taxes	848,906	-	-	848,906
Accounts				
(net of allowance for uncollectibles)	225,297	-	-	225,297
Loans	2,287,224	-	-	2,287,224
Accrued interest	-	-	314	314
Due from other funds	160,000	-	-	160,000
Due from other governments	1,383,077	-	-	1,383,077
Inventory of supplies	793,603	-	-	793,603
Prepaid items	23,429	-	-	23,429
Total assets	\$ 8,880,966	\$ 14,198	\$ 244,782	\$ 9,139,946
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	\$ 238,303	\$ -	\$ -	\$ 238,303
Accrued salaries, wages and benefits	48,639	-	-	48,639
Due to other funds	12,558	-	-	12,558
Due to other governments	134,517	-	-	134,517
Total liabilities	434,017	-	-	434,017
Deferred Inflows of Resources				
Revenues levied for the next year and unavailable revenue	1,542,034	-	-	1,542,034
Fund Balances				
Nonspendable	817,032	-	244,782	1,061,814
Restricted	6,086,180	14,198	-	6,100,378
Committed	1,703	-	-	1,703
Total fund balances	6,904,915	14,198	244,782	7,163,895
Total liabilities, deferred inflows and fund balances	\$ 8,880,966	\$ 14,198	\$ 244,782	\$ 9,139,946

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
For the Year Ended December 31, 2017**

	Nonmajor Special Revenue Funds	Debt Service Fund	Cemetery Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
Revenues				
Property taxes	\$ 512,832	\$ -	\$ -	\$ 512,832
Municipal income taxes	1,840,000	-	-	1,840,000
Other local taxes	909,971	-	-	909,971
State levied shared taxes	2,349,294	-	-	2,349,294
Intergovernmental	668,973	-	-	668,973
Charges for services	-	-	2,870	2,870
Fees, licenses and permits	522,934	-	-	522,934
Interest earnings	309	150	1,029	1,488
Fines and forfeitures	24,899	-	-	24,899
Other	20,846	-	-	20,846
Total revenues	<u>6,850,058</u>	<u>150</u>	<u>3,899</u>	<u>6,854,107</u>
Expenditures				
Current				
Security of persons and property	2,476,026	-	-	2,476,026
Leisure time activities	1,751,448	-	-	1,751,448
Community environment	451,882	-	-	451,882
Street maintenance	3,367,710	-	-	3,367,710
General government	-	-	715	715
Capital outlay	245,000	-	-	245,000
Debt Service				
Principal	573,062	-	-	573,062
Interest	271,556	-	-	271,556
Advance refunding escrow	-	-	-	-
Total expenditures	<u>9,136,684</u>	<u>-</u>	<u>715</u>	<u>9,137,399</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,286,626)</u>	<u>150</u>	<u>3,184</u>	<u>(2,283,292)</u>
Other Financing Sources				
Transfers in	2,425,000	-	-	2,425,000
Total other financing sources	<u>2,425,000</u>	<u>-</u>	<u>-</u>	<u>2,425,000</u>
Net change in fund balances	138,374	150	3,184	141,708
Fund balance at beginning of year	6,802,032	14,048	241,598	7,057,678
Change in reserve for inventory	(36,557)	-	-	(36,557)
Change in reserve for prepaid items	1,066	-	-	1,066
Fund balance at end of year	<u>\$ 6,904,915</u>	<u>\$ 14,198</u>	<u>\$ 244,782</u>	<u>\$ 7,163,895</u>

City of Cuyahoga Falls, Ohio

Combining Balance Sheet - Nonmajor Special Revenue Funds December 31, 2017

	State Highway Improvement	Street Construction, Maintenance and Repair	Police Pension	Fire Pension
Assets				
Equity in pooled cash and cash equivalents	\$ 22	\$ 396,356	\$ 12,352	\$ 9,966
Investments	39	684,866	21,343	17,221
Receivables				
Taxes	-	-	268,579	268,579
Accounts				
(net of allowance for uncollectibles)	-	216,041	-	-
Loans	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	73,196	902,760	21,996	21,996
Inventory of supplies	-	793,603	-	-
Prepaid items	-	23,429	-	-
Total assets	<u>\$ 73,257</u>	<u>\$ 3,017,055</u>	<u>\$ 324,270</u>	<u>\$ 317,762</u>
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 29,537	\$ -	\$ -
Accrued salaries, wages and benefits	-	47,097	-	-
Due to other funds	-	10,698	-	-
Due to other governments	-	7,266	19,606	38,822
Total liabilities	-	94,598	19,606	38,822
Deferred Inflows of Resources				
Revenues levied for the next year and unavailable revenue	45,626	669,095	290,575	290,575
Fund Balances				
Nonspendable	-	817,032	-	-
Restricted	27,631	1,436,330	14,089	(11,635)
Committed	-	-	-	-
Total fund balances	<u>27,631</u>	<u>2,253,362</u>	<u>14,089</u>	<u>(11,635)</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 73,257</u>	<u>\$ 3,017,055</u>	<u>\$ 324,270</u>	<u>\$ 317,762</u>

Combining Balance Sheet - Nonmajor Special Revenue Funds
December 31, 2017

(Continued)

	Recreation Levy	Permissive Tax	Community and Economic Development	Community Development Block Grant
Assets				
Equity in pooled cash and cash equivalents	\$ 337,209	\$ 1	\$ 625	\$ 133,277
Investments	582,664	1	1,078	230,289
Receivables				
Taxes	-	-	-	-
Accounts				
(net of allowance for uncollectibles)	231	-	-	-
Loans	-	-	-	2,287,224
Due from other funds	160,000	-	-	-
Due from other governments	-	229,927	-	104,096
Inventory of supplies	-	-	-	-
Prepaid items	-	-	-	-
Total assets	<u>\$ 1,080,104</u>	<u>\$ 229,929</u>	<u>\$ 1,703</u>	<u>\$ 2,754,886</u>
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	\$ 124,660	\$ -	\$ -	\$ 6,248
Accrued salaries, wages and benefits	-	-	-	1,542
Due to other funds	1,845	-	-	15
Due to other governments	-	-	-	238
Total liabilities	<u>126,505</u>	<u>-</u>	<u>-</u>	<u>8,043</u>
Deferred Inflows of Resources				
Revenues levied for the next year and unavailable revenue	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	953,599	229,929	-	2,746,843
Committed	-	-	1,703	-
Total fund balances	<u>953,599</u>	<u>229,929</u>	<u>1,703</u>	<u>2,746,843</u>
Total liabilities and fund balances	<u>\$ 1,080,104</u>	<u>\$ 229,929</u>	<u>\$ 1,703</u>	<u>\$ 2,754,886</u>

City of Cuyahoga Falls, Ohio

Combining Balance Sheet - Nonmajor Special Revenue Funds December 31, 2017

(Continued)

	Enterprise Zone / Community Reinvestment Area	Drug Law Enforcement	Law Enforcement Trust	Enforcement and Education
ASSETS				
Equity in pooled cash and cash equivalents	\$ 20,692	\$ 30,783	\$ 162,732	\$ 7,682
Investments	35,755	53,189	281,184	13,274
Receivables				
Taxes	-	-	-	-
Accounts (net of allowance for uncollectibles)	5,000	-	4,025	-
Loans	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	500	-	598	-
Inventory of supplies	-	-	-	-
Prepaid items	-	-	-	-
Total assets	<u>\$ 61,947</u>	<u>\$ 83,972</u>	<u>\$ 448,539</u>	<u>\$ 20,956</u>
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries, wages and benefits	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Revenues levied for the next year and unavailable revenue	3,000	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	58,947	83,972	448,539	20,956
Committed	-	-	-	-
Total fund balances	<u>58,947</u>	<u>83,972</u>	<u>448,539</u>	<u>20,956</u>
Total liabilities and fund balances	<u>\$ 61,947</u>	<u>\$ 83,972</u>	<u>\$ 448,539</u>	<u>\$ 20,956</u>

City of Cuyahoga Falls, Ohio

Combining Balance Sheet - Nonmajor Special Revenue Funds
December 31, 2017

(Continued)

	Municipal Motor Vehicle License Tax	Federal Law Enforcement	Law Enforcement Assistance	State Road Public Improvement Tax Increment Equivalent	Total Nonmajor Special Revenue Funds
ASSETS					
Equity in pooled cash and cash equivalents	\$ 32,634	\$ 4,241	\$ 9,241	\$ 377	\$ 1,158,190
Investments	56,389	7,328	15,968	652	2,001,240
Receivables					
Taxes	-	-	-	311,748	848,906
Accounts (net of allowance for uncollectibles)	-	-	-	-	225,297
Loans	-	-	-	-	2,287,224
Due from other funds	-	-	-	-	160,000
Due from other governments	-	-	28,008	-	1,383,077
Inventory of supplies	-	-	-	-	793,603
Prepaid items	-	-	-	-	23,429
Total assets	<u>\$ 89,023</u>	<u>\$ 11,569</u>	<u>\$ 53,217</u>	<u>\$ 312,777</u>	<u>\$ 8,880,966</u>
Liabilities, Deferred Inflows, and Fund Balances					
Liabilities					
Accounts payable	\$ 77,858	\$ -	\$ -	\$ -	\$ 238,303
Accrued salaries, wages and benefits	-	-	-	-	48,639
Due to other funds	-	-	-	-	12,558
Due to other governments	-	-	-	68,585	134,517
Total liabilities	<u>77,858</u>	<u>-</u>	<u>-</u>	<u>68,585</u>	<u>434,017</u>
Deferred Inflows of Resources					
Revenues levied for the next year and unavailable revenue	-	-	-	243,163	1,542,034
Fund Balances					
Nonspendable	-	-	-	-	817,032
Restricted	11,165	11,569	53,217	1,029	6,086,180
Committed	-	-	-	-	1,703
Total fund balances	<u>11,165</u>	<u>11,569</u>	<u>53,217</u>	<u>1,029</u>	<u>6,904,915</u>
Total liabilities and fund balances	<u>\$ 89,023</u>	<u>\$ 11,569</u>	<u>\$ 53,217</u>	<u>\$ 312,777</u>	<u>\$ 8,880,966</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds For the Year Ended December 31, 2017

	State Highway Improvement	Street Construction, Maintenance and Repair	Police Pension	Fire Pension
Revenues				
Property taxes	\$ -	\$ -	\$ 256,416	\$ 256,416
Municipal income taxes	-	-	-	-
Other local taxes	-	259,997	286	286
State levied shared taxes	145,856	1,798,895	34,158	34,158
Intergovernmental	-	-	-	-
Fees, licenses, and permits	-	513,934	-	-
Interest earnings	-	-	-	-
Fines and forfeitures	-	-	-	-
Other	-	8,382	-	-
Total revenues	<u>145,856</u>	<u>2,581,208</u>	<u>290,860</u>	<u>290,860</u>
Expenditures				
Current				
Security of persons and property	-	-	1,014,561	1,403,314
Leisure time activities	-	-	-	-
Community environment	-	-	-	-
Street maintenance	142,500	3,116,075	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	62	-	-
Interest	-	-	-	-
Total expenditures	<u>142,500</u>	<u>3,116,137</u>	<u>1,014,561</u>	<u>1,403,314</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,356</u>	<u>(534,929)</u>	<u>(723,701)</u>	<u>(1,112,454)</u>
Other Financing Sources				
Transfers in	-	600,000	730,000	1,095,000
Total other financing sources	<u>-</u>	<u>600,000</u>	<u>730,000</u>	<u>1,095,000</u>
Net change in fund balances	3,356	65,071	6,299	(17,454)
Fund balance at beginning of year	24,275	2,223,782	7,790	5,819
Change in nonspendable inventory	-	(36,557)	-	-
Change in nonspendable prepaid items	-	1,066	-	-
Fund balance at end of year	<u>\$ 27,631</u>	<u>\$ 2,253,362</u>	<u>\$ 14,089</u>	<u>\$ (11,635)</u>

**Combining Statement of Revenues, Expenditures and Changes in Fund
Balances - Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017**

(Continued)

	Recreation Levy	Permissive Tax	Community and Economic Development	Community Development Block Grant
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Municipal income taxes	1,840,000	-	-	-
Other local taxes	-	-	-	-
State levied shared taxes	-	224,146	-	-
Intergovernmental	153,197	-	-	486,941
Fees, licenses, and permits	-	-	-	-
Interest earnings	-	-	-	187
Fines and forfeitures	-	-	-	-
Other	231	-	125	8,197
Total revenues	<u>1,993,428</u>	<u>224,146</u>	<u>125</u>	<u>495,325</u>
Expenditures				
Current				
Security of persons and property	-	-	-	-
Leisure time activities	1,751,448	-	-	-
Community environment	-	-	-	206,786
Street maintenance	-	-	-	-
Capital outlay	-	245,000	-	-
Debt service				
Principal	423,000	-	-	-
Interest	18,116	-	-	-
Total expenditures	<u>2,192,564</u>	<u>245,000</u>	<u>-</u>	<u>206,786</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(199,136)</u>	<u>(20,854)</u>	<u>125</u>	<u>288,539</u>
Other Financing Sources				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(199,136)	(20,854)	125	288,539
Fund balance at beginning of year	1,152,735	250,783	1,578	2,458,304
Change in nonspendable inventory	-	-	-	-
Change in nonspendable prepaid items	-	-	-	-
Fund balance at end of year	<u>\$ 953,599</u>	<u>\$ 229,929</u>	<u>\$ 1,703</u>	<u>\$ 2,746,843</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds For the Year Ended December 31, 2017

(Continued)

	Enterprise Zone / Community Reinvestment Area	Drug Law Enforcement	Law Enforcement Trust	Enforcement and Education
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Municipal income taxes	-	-	-	-
Other local taxes	-	-	-	-
State levied shared taxes	-	-	-	-
Intergovernmental	-	-	827	-
Fees, licenses, and permits	9,000	-	-	-
Interest earnings	-	-	-	-
Fines and forfeitures	-	11,592	10,989	2,318
Other	-	-	2,600	1,311
Total revenues	<u>9,000</u>	<u>11,592</u>	<u>14,416</u>	<u>3,629</u>
Expenditures				
Current				
Security of persons and property	-	4,460	31,349	-
Leisure time activities	-	-	-	-
Community environment	-	-	-	-
Street maintenance	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>4,460</u>	<u>31,349</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,000</u>	<u>7,132</u>	<u>(16,933)</u>	<u>3,629</u>
Other Financing Sources				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	9,000	7,132	(16,933)	3,629
Fund balance at beginning of year	49,947	76,840	465,472	17,327
Change in nonspendable inventory	-	-	-	-
Change in nonspendable prepaid items	-	-	-	-
Fund balance at end of year	<u>\$ 58,947</u>	<u>\$ 83,972</u>	<u>\$ 448,539</u>	<u>\$ 20,956</u>

City of Cuyahoga Falls, Ohio

**Combining Statement of Revenues, Expenditures and Changes in Fund
Balances - Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017**

(Continued)

	Municipal Motor Vehicle License Tax	Federal Law Enforcement	Law Enforcement Assistance	State Road Public Improvement Tax Increment Equivalent	Total Nonmajor Special Revenue
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 512,832
Municipal income taxes	-	-	-	-	1,840,000
Other local taxes	-	-	-	649,402	909,971
State levied shared taxes	112,081	-	-	-	2,349,294
Intergovernmental	-	-	28,008	-	668,973
Fees, licenses, and permits	-	-	-	-	522,934
Interest earnings	-	122	-	-	309
Fines and forfeitures	-	-	-	-	24,899
Other	-	-	-	-	20,846
Total revenues	112,081	122	28,008	649,402	6,850,058
Expenditures					
Current					
Security of persons and property	-	-	22,342	-	2,476,026
Leisure time activities	-	-	-	-	1,751,448
Community environment	-	-	-	245,096	451,882
Street maintenance	109,135	-	-	-	3,367,710
Capital outlay	-	-	-	-	245,000
Debt service					
Principal	-	-	-	150,000	573,062
Interest	-	-	-	253,440	271,556
Total expenditures	109,135	-	22,342	648,536	9,136,684
Excess (deficiency) of revenues over (under) expenditures	2,946	122	5,666	866	(2,286,626)
Other Financing Sources					
Transfers in	-	-	-	-	2,425,000
Total other financing sources	-	-	-	-	2,425,000
Net change in fund balances	2,946	122	5,666	866	138,374
Fund balance at beginning of year	8,219	11,447	47,551	163	6,802,032
Change in nonspendable inventory	-	-	-	-	(36,557)
Change in nonspendable prepaid items	-	-	-	-	1,066
Fund balance at end of year	<u>\$ 11,165</u>	<u>\$ 11,569</u>	<u>\$ 53,217</u>	<u>\$ 1,029</u>	<u>\$ 6,904,915</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - State Highway Improvement Fund For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State levied shared taxes	\$ 144,678	\$ 145,720	\$ 141,593	\$ (4,127)
Total revenues	144,678	145,720	141,593	(4,127)
Expenditures				
Current				
Street maintenance				
Other operations	144,000	144,000	142,500	1,500
Total expenditures	144,000	144,000	142,500	1,500
Net change in fund balances	678	1,720	(907)	(2,627)
Fund balance at beginning of year	968	968	968	-
Fund balance at end of year	\$ 1,646	\$ 2,688	\$ 61	\$ (2,627)

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Street Construction,
Maintenance and Repair Fund
For the Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other local taxes	\$ 278,600	\$ 254,600	\$ 255,113	\$ 513
State levied shared taxes	1,795,800	1,797,548	1,746,309	(51,239)
Fees, licenses, and permits	705,500	638,500	638,642	142
Other	5,500	5,500	8,193	2,693
Total revenues	2,785,400	2,696,148	2,648,257	(47,891)
Expenditures				
Current				
Street maintenance				
Personal services	1,862,453	1,862,453	1,768,942	93,511
Other operations	1,728,420	1,728,420	1,378,547	349,873
Total - street maintenance	3,590,873	3,590,873	3,147,489	443,384
Debt service				
Principal	62	62	62	-
Interest	1	1	-	1
Total expenditures	3,590,936	3,590,936	3,147,551	443,385
Excess (deficiency) of revenues over (under) expenditures	(805,536)	(894,788)	(499,294)	395,494
Other Financing Sources				
Transfers in	500,000	600,000	600,000	-
Total other financing sources	500,000	600,000	600,000	-
Net change in fund balances	(305,536)	(294,788)	100,706	395,494
Fund balance at beginning of year	780,920	780,920	780,920	-
Prior year encumbrances appropriated	144,075	144,075	144,075	-
Fund balance at end of year	\$ 619,459	\$ 630,207	\$ 1,025,701	\$ 395,494

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Police Pension Fund For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 255,415	\$ 256,308	\$ 256,416	\$ 108
Other local taxes	360	287	286	(1)
State levied shared taxes	34,040	34,159	34,158	(1)
Total revenues	289,815	290,754	290,860	106
Expenditures				
Current				
Security of persons and property				
Personal services	1,022,625	1,022,625	1,003,865	18,760
Other operations	10,950	10,950	6,888	4,062
Total expenditures	1,033,575	1,033,575	1,010,753	22,822
Excess (deficiency) of revenues over (under) expenditures				
	(743,760)	(742,821)	(719,893)	22,928
Other Financing Sources				
Transfers in	745,000	730,000	730,000	-
Total other financing sources	745,000	730,000	730,000	-
Net change in fund balances	1,240	(12,821)	10,107	22,928
Fund balance at beginning of year	23,588	23,588	23,588	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	\$ 24,828	\$ 10,767	\$ 33,695	\$ 22,928

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Fire Pension Fund
For the Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 255,415	\$ 256,308	\$ 256,416	\$ 108
Other local taxes	360	287	286	(1)
State levied shared taxes	34,040	34,159	34,158	(1)
Total revenues	289,815	290,754	290,860	106
Expenditures				
Current				
Security of persons and property				
Personal services	1,385,976	1,390,976	1,389,562	1,414
Other operations	10,950	10,950	6,888	4,062
Total expenditures	1,396,926	1,401,926	1,396,450	5,476
Excess (deficiency) of revenues over (under) expenditures	(1,107,111)	(1,111,172)	(1,105,590)	5,582
Other Financing Sources				
Transfers in	1,105,000	1,095,000	1,095,000	-
Total other financing sources	1,105,000	1,095,000	1,095,000	-
Net change in fund balances	(2,111)	(16,172)	(10,590)	5,582
Fund balance at beginning of year	37,777	37,777	37,777	-
Fund balance at end of year	\$ 35,666	\$ 21,605	\$ 27,187	\$ 5,582

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Recreation Levy Fund For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Income taxes	\$ 1,768,800	\$ 1,840,000	\$ 1,840,000	\$ -
Intergovernmental	145,697	143,197	153,197	10,000
Other	-	219	20,219	20,000
Total revenues	1,914,497	1,983,416	2,013,416	30,000
Expenditures				
Current				
Leisure time activities				
Other operations	1,002,664	1,002,664	959,540	43,124
Capital outlay	825,283	825,283	814,159	11,124
Total - leisure time activities	1,827,947	1,827,947	1,773,699	54,248
Debt service				
Principal	423,000	423,000	423,000	-
Interest	18,116	18,116	18,116	-
Total expenditures	2,269,063	2,269,063	2,214,815	54,248
Net change in fund balances	(354,566)	(285,647)	(201,399)	84,248
Fund balance at beginning of year	923,671	923,671	923,671	-
Prior year encumbrances appropriated	67,375	67,375	67,375	-
Fund balance at end of year	\$ 636,480	\$ 705,399	\$ 789,647	\$ 84,248

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Permissive Tax Fund
For the Year Ended December 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State levied shared taxes	\$ 200,000	\$ 245,000	\$ 245,000	\$ -
Total revenues	200,000	245,000	245,000	-
Expenditures				
Current				
Capital outlay	200,000	245,000	245,000	-
Total expenditures	200,000	245,000	245,000	-
Net change in fund balances	-	-	-	-
Fund balance at beginning of year	2	2	2	-
Fund balance at end of year	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ -</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Community and Economic Development Fund For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other	\$ 125	\$ 125	\$ 125	\$ -
Total Revenues	125	125	125	-
Expenditures				
Current				
Community environment				
Other operations	\$ 1,552	\$ 1,552	\$ -	\$ 1,552
Total expenditures	1,552	1,552	-	1,552
Net change in fund balances	(1,427)	(1,427)	125	1,552
Fund balance at beginning of year	1,578	1,578	1,578	-
Fund balance at end of year	<u>\$ 151</u>	<u>\$ 151</u>	<u>\$ 1,703</u>	<u>\$ 1,552</u>

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Community Development Block
Grant Fund
For the Year Ended December 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 599,000	\$ 415,664	\$ 416,389	\$ 725
Interest earnings	-	-	187	187
Other	-	98,046	97,259	(787)
Total revenues	<u>599,000</u>	<u>513,710</u>	<u>513,835</u>	<u>125</u>
Expenditures				
Current				
Community environment				
Personal services	97,224	97,549	97,534	15
Other operations	524,798	743,841	664,907	78,934
Capital outlay	202,453	2,453	-	2,453
Total expenditures	<u>824,475</u>	<u>843,843</u>	<u>762,441</u>	<u>81,402</u>
Net change in fund balances	(225,475)	(330,133)	(248,606)	81,527
Fund balance at beginning of year	129,531	129,531	129,531	-
Prior year encumbrances appropriated	225,475	225,475	225,475	-
Fund balance at end of year	<u>\$ 129,531</u>	<u>\$ 24,873</u>	<u>\$ 106,400</u>	<u>\$ 81,527</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Enterprise Zone/Community Reinvestment Area Fund For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, licenses, and permits	\$ 6,750	\$ 8,250	\$ 8,250	\$ -
Total revenues	6,750	8,250	8,250	-
Expenditures				
Current				
Community environment				
Other operations	8,100	8,100	-	8,100
Total expenditures	8,100	8,100	-	8,100
Net change in fund balances	(1,350)	150	8,250	8,100
Fund balance at beginning of year	48,197	48,197	48,197	-
Fund balance at end of year	\$ 46,847	\$ 48,347	\$ 56,447	\$ 8,100

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Drug Law Enforcement Fund
For the Year Ended December 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 12,000	\$ 12,918	\$ 12,335	\$ (583)
Total revenues	12,000	12,918	12,335	(583)
Expenditures				
Current				
Security of persons and property				
Other operations	18,080	18,080	4,460	13,620
Total expenditures	18,080	18,080	4,460	13,620
Net change in fund balances	(6,080)	(5,162)	7,875	13,037
Fund balance at beginning of year	76,097	76,097	76,097	-
Fund balance at end of year	<u>\$ 70,017</u>	<u>\$ 70,935</u>	<u>\$ 83,972</u>	<u>\$ 13,037</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Law Enforcement Trust Fund For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 4,300	\$ 827	\$ 827	\$ -
Fines and forfeitures	2,500	19,276	19,277	1
Other	-	2,220	2,600	380
Total revenues	6,800	22,323	22,704	381
Expenditures				
Current				
Security of persons and property				
Other operations	34,910	34,910	34,823	87
Capital outlay	-	-	-	-
Total expenditures	34,910	34,910	34,823	87
Net change in fund balances	(28,110)	(12,587)	(12,119)	468
Fund balance at beginning of year	447,501	447,501	447,501	-
Fund balance at end of year	\$ 424,451	\$ 439,974	\$ 440,442	\$ 468

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Enforcement and Education Fund
For the Year Ended December 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ 4,500	\$ 2,618	\$ 2,553	\$ (65)
Other	2,000	1,315	1,416	101
Total revenues	<u>6,500</u>	<u>3,933</u>	<u>3,969</u>	<u>36</u>
Net change in fund balances	6,500	3,933	3,969	36
Fund balance at beginning of year	16,987	16,987	16,987	-
Fund balance at end of year	<u>\$ 23,487</u>	<u>\$ 20,920</u>	<u>\$ 20,956</u>	<u>\$ 36</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Municipal Motor Vehicle License Tax Fund For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State levied shared taxes	\$ 111,000	\$ 111,571	\$ 112,081	\$ 510
Total revenues	111,000	111,571	112,081	510
Expenditures				
Current				
Street maintenance				
Other operations	111,000	111,000	111,000	-
Total expenditures	111,000	111,000	111,000	-
Net change in fund balances	-	571	1,081	510
Fund balance at beginning of year	8,219	8,219	8,219	-
Fund balance at end of year	\$ 8,219	\$ 8,790	\$ 9,300	\$ 510

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Federal Law Enforcement Fund
For the Year Ended December 31, 2017**

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest earnings	\$ 200	\$ 120	\$ 122	\$ 2
Total revenues	200	120	122	2
Net change in fund balances	200	120	122	2
Fund balance at beginning of year	11,447	11,447	11,447	-
Fund balance at end of year	<u>\$ 11,647</u>	<u>\$ 11,567</u>	<u>\$ 11,569</u>	<u>\$ 2</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Law Enforcement Assistance Fund For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 15,400	\$ 15,400	-
Total revenues	-	15,400	15,400	-
Expenditures				
Current				
Security of persons and property				
Other operations	\$ 19,500	\$ 23,000	\$ 22,992	\$ 8
Total expenditures	19,500	23,000	22,992	8
Net change in fund balances	(19,500)	(7,600)	(7,592)	8
Fund balance at beginning of year	32,151	32,151	32,151	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	\$ 12,651	\$ 24,551	\$ 24,559	\$ 8

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual (Non-GAAP Budgetary Basis) - State Road Public Improvement Tax
 Increment Equivalent Fund
 For the Year Ended December 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local tax	\$ 653,906	\$ 649,402	\$ 649,402	\$ -
Total revenues	653,906	649,402	649,402	-
Expenditures				
Current				
Community environment				
Other operations	249,910	245,097	245,096	1
Total - leisure time activities	249,910	245,097	245,096	1
Debt service				
Principal	150,000	150,000	150,000	-
Interest	253,440	253,440	253,440	-
Total expenditures	653,350	648,537	648,536	1
Net change in fund balances	556	865	866	1
Fund balance at beginning of year	163	163	163	-
Fund balance at end of year	<u>\$ 719</u>	<u>\$ 1,028</u>	<u>\$ 1,029</u>	<u>\$ 1</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Debt Service Fund For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest earnings	\$ 125	\$ 150	\$ 150	\$ -
Total revenues	125	150	150	-
Net change in fund balances	125	150	150	-
Fund balance at beginning of year	14,054	14,054	14,054	-
Fund balance at end of year	\$ 14,179	\$ 14,204	\$ 14,204	\$ -

Internal Service Funds

Internal Service Funds

To account for the financing of goods or services provided by one department of the City to other departments of the City on a cost reimbursement basis.

Garage

To account for the cost of maintenance facility for automotive equipment used by various City departments. The costs of services provided are billed to the various user departments.

Self-Insurance

To account for the cost of medical benefits and life insurance provided to the City's employees.

Workers' Compensation

To account for the cost of workers' compensation claims and administrative costs incurred by City employees.

Compensated Absences

To accumulate sums sufficient to defray anticipated employee benefit payments. In addition, Ordinance 70-2012, authorized this fund to accumulate amounts through transfers, sufficient to meet the excess personal services associated with a twenty-seventh pay period in 2015.

City of Cuyahoga Falls, Ohio

Combining Statement of Net Position - Governmental Activities Internal Service Funds December 31, 2017

	Garage	Self Insurance	Workers' Compensation
Assets			
Current Assets			
Equity in pooled cash and cash equivalents	\$ 1,625	1,217,089	\$ 649,135
Investments	2,808	2,103,013	1,120,868
Receivables			
Accounts			
(net of allowance for uncollectibles)	2,417	15,038	-
Due from other funds	-	-	6,176
Due from other governments	-	-	184,617
Inventory of supplies	205,777	-	-
Prepaid items	2,757	-	-
Total current assets	<u>215,384</u>	<u>3,335,140</u>	<u>1,960,796</u>
Noncurrent Assets			
Net pension asset	1,898	257	-
Capital Assets			
Land	21,960	-	-
Buildings	105,958	-	-
Improvements other than buildings	260,029	-	-
Equipment	165,744	-	-
Less: Accumulated depreciation	<u>(540,995)</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>14,594</u>	<u>257</u>	<u>-</u>
Total assets	<u>229,978</u>	<u>3,335,397</u>	<u>1,960,796</u>
Deferred Outflows of Resources			
Pension	273,093	37,030	-
Total deferred outflows of resources	<u>273,093</u>	<u>37,030</u>	<u>-</u>
Liabilities			
Current Liabilities			
Accounts payable	54,204	-	-
Accrued salaries, wages and benefits	9,265	1,135	-
Accrued compensated absences	-	-	-
Due to other funds	3,938	11	-
Due to other governments	1,427	175	-
Claims and judgments payable	-	610,428	-
Capital lease obligations	-	-	-
Total current liabilities	<u>68,834</u>	<u>611,749</u>	<u>-</u>
Noncurrent Liabilities			
Net pension liability	689,659	93,513	-
Accrued compensated absences	-	-	-
Claims and judgments payable	-	-	67,698
Other post-employment benefit obligation	-	2,907,638	-
Total Noncurrent Liabilities	<u>689,659</u>	<u>3,001,151</u>	<u>67,698</u>
Total liabilities	<u>758,493</u>	<u>3,612,900</u>	<u>67,698</u>
Deferred Inflows of Resources			
Pension	6,483	878	-
Total deferred inflows of resources	<u>6,483</u>	<u>878</u>	<u>-</u>
Net Position			
Net investment in capital assets	12,696	-	-
Unrestricted	<u>(274,601)</u>	<u>(241,351)</u>	<u>1,893,098</u>
Total net position	<u>\$ (261,905)</u>	<u>(241,351)</u>	<u>\$ 1,893,098</u>

**Combining Statement of Net Position -
Governmental Activities Internal Service Funds
December 31, 2017**

(Continued)

	Compensated Absences	Total
Assets		
Current Assets		
Equity in pooled cash and cash equivalents	\$ 251,235	\$ 2,119,084
Investments	434,111	3,660,800
Receivables		
Accounts		
(net of allowance for uncollectibles)	-	17,455
Due from other funds	-	6,176
Due from other governments	-	184,617
Inventory of supplies	-	205,777
Prepaid items	-	2,757
Total current assets	<u>685,346</u>	<u>6,196,666</u>
Noncurrent Assets		
Net pension asset	-	2,155
Capital Assets		
Land	-	21,960
Buildings	-	105,958
Improvements other than buildings	-	260,029
Equipment	-	165,744
Less: Accumulated depreciation	-	(540,995)
Total noncurrent assets	<u>-</u>	<u>14,851</u>
Total assets	<u>685,346</u>	<u>6,211,517</u>
Deferred Outflows of Resources		
Pension	-	310,123
Total deferred outflows of resources	<u>-</u>	<u>310,123</u>
Liabilities		
Current Liabilities		
Accounts payable	-	54,204
Accrued salaries, wages and benefits	-	10,400
Accrued compensated absences	2,270,055	2,270,055
Due to other funds	-	3,949
Due to other governments	-	1,602
Claims and judgments payable	-	610,428
Capital lease obligations	-	-
Total current liabilities	<u>2,270,055</u>	<u>2,950,638</u>
Noncurrent Liabilities		
Net pension liability	-	783,172
Accrued compensated absences	6,897,864	6,897,864
Claims and judgments payable	-	67,698
Other post-employment benefit obligation	-	2,907,638
Total Noncurrent Liabilities	<u>6,897,864</u>	<u>10,656,372</u>
Total liabilities	<u>9,167,919</u>	<u>13,607,010</u>
Deferred Inflows of Resources		
Pension	-	7,361
Total deferred inflows of resources	<u>-</u>	<u>7,361</u>
Net Position		
Net investment in capital assets	-	12,696
Unrestricted	(8,482,573)	(7,105,427)
Total net position	<u>\$ (8,482,573)</u>	<u>\$ (7,092,731)</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Revenues, Expenses and Changes in Net Position - Governmental Activities Internal Service Funds For the Year Ended December 31, 2017

	<u>Garage</u>	<u>Self- Insurance</u>	<u>Workers' Compensation</u>
Operating revenues			
Charges for services	\$ 1,844,219	\$ 5,708,166	\$ 287,556
Other	3,500	30,962	508,568
Total operating revenues	<u>1,847,719</u>	<u>5,739,128</u>	<u>796,124</u>
Operating Expenses			
Personal services	424,249	58,591	-
Fringe benefits	248,574	6,575,048	420,504
Materials and supplies	907,168	208	-
Utilities	11,206	-	-
Contractual services	7,829	57,097	18,540
Internal charges	135,382	-	-
Other	223,292	34,197	6,847
Depreciation	44,299	-	-
Total operating expenses	<u>2,001,999</u>	<u>6,725,141</u>	<u>445,891</u>
Net income (loss) from operations	<u>(154,280)</u>	<u>(986,013)</u>	<u>350,233</u>
Nonoperating Revenues			
Interest revenue	-	-	17,649
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>17,649</u>
Changes in net position	<u>(154,280)</u>	<u>(986,013)</u>	<u>367,882</u>
Total net position - beginning	(107,625)	744,662	1,525,216
Total net position - ending	<u>\$ (261,905)</u>	<u>\$ (241,351)</u>	<u>\$ 1,893,098</u>

**Combining Statement of Revenues, Expenses and Changes in Net Position -
Governmental Activities Internal Service Funds
For the Year Ended December 31, 2017**

(Continued)

	<u>Compensated Absences</u>	<u>Total</u>
Operating revenues		
Charges for services	\$ 700,000	\$ 8,539,941
Other	-	543,030
Total operating revenues	<u>700,000</u>	<u>9,082,971</u>
Operating Expenses		
Personal services	740,320	1,223,160
Fringe benefits	6,150	7,250,276
Materials and supplies	-	907,376
Utilities	-	11,206
Contractual services	-	83,466
Internal charges	-	135,382
Other	-	264,336
Depreciation	-	44,299
Total operating expenses	<u>746,470</u>	<u>9,919,501</u>
Net income (loss) from operations	<u>(46,470)</u>	<u>(836,530)</u>
Nonoperating Revenues		
Interest revenue	-	17,649
Total nonoperating revenues	<u>-</u>	<u>17,649</u>
Changes in net position	<u>(46,470)</u>	<u>(818,881)</u>
Total net position - beginning	(8,436,103)	(6,273,850)
Total net position - ending	<u>\$ (8,482,573)</u>	<u>\$ (7,092,731)</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Cash Flows - Governmental Activities Internal Service Fund For the Year Ended December 31, 2017

	<u>Garage</u>	<u>Self- Insurance</u>	<u>Workers' Compensation</u>
Cash Flows From Operating Activities			
Activities			
Cash received from customers	\$ 1,845,329	\$ 5,731,017	\$ 674,713
Cash payments to employees for services	(421,571)	(58,410)	-
Cash payments to employees for benefits	(153,585)	(6,061,707)	(630,817)
Cash payments to suppliers for goods and services	<u>(1,279,850)</u>	<u>(94,746)</u>	<u>(25,387)</u>
Net cash provided (used in) by operating activities	(9,677)	(483,846)	18,509
Cash Flows From Capital and Related Financing Activities			
Debt service			
Principal	<u>(62)</u>	<u>-</u>	<u>-</u>
Net cash used in capital and related financing activities	(62)	-	-
Cash Flows From Investing Activities			
Interest revenue	-	-	17,649
Sale of investments	580	155,655	70,191
Purchase of investments	<u>(2,808)</u>	<u>(2,103,013)</u>	<u>(1,120,868)</u>
Net cash used in investing activities	<u>(2,228)</u>	<u>(1,947,358)</u>	<u>(1,033,028)</u>
Net increase (decrease) in cash and cash equivalents	(11,967)	(2,431,204)	(1,014,519)
Cash and cash equivalents at beginning of year	<u>13,592</u>	<u>3,648,293</u>	<u>1,663,654</u>
Cash and cash equivalents at end of year	<u>\$ 1,625</u>	<u>\$ 1,217,089</u>	<u>\$ 649,135</u>

**Combining Statement of Cash Flows - Governmental Activities Internal Service Funds
For the Year Ended December 31, 2017**

(Continued)

	<u>Compensated Absences</u>	<u>Totals</u>
Cash Flows From Operating Activities		
Activities		
Cash received from customers	\$ 700,000	\$ 8,951,059
Cash payments to employees for services	(570,260)	(1,050,241)
Cash payments to employees for benefits	(6,150)	(6,852,259)
Cash payments to suppliers for goods and services	-	(1,399,983)
Net cash provided (used in) by operating activities	123,590	(351,424)
Cash Flows From Capital and Related Financing Activities		
Debt service		
Principal	-	(62)
Net cash used in capital and related financing activities	-	(62)
Cash Flows From Investing Activities		
Interest revenue	-	17,649
Sale of investments	22,987	249,413
Purchase of investments	(434,111)	(3,660,800)
Net cash used in investing activities	(411,124)	(3,393,738)
Net increase (decrease) in cash and cash equivalents	(287,534)	(3,745,224)
Cash and cash equivalents at beginning of year	538,769	5,864,308
Cash and cash equivalents at end of year	\$ 251,235	\$ 2,119,084

City of Cuyahoga Falls, Ohio

Combining Statement of Cash Flows - Governmental Activities Internal Service Fund For the Year Ended December 31, 2017

(Continued)

	<u>Garage</u>	<u>Self- Insurance</u>	<u>Workers' Compensation</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:			
Operating income (loss)	\$ (154,280)	\$ (986,013)	\$ 350,233
Adjustments to reconcile operating Income (Loss) to Net Cash provided by operating activities:			
Depreciation	44,299	-	-
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:			
Receivables	(2,390)	(8,111)	-
Due from other funds	-	-	(1,174)
Due from other governments	-	-	(120,237)
Inventory of supplies	10,311	-	-
Prepaid items	(101)	-	-
Deferred outflows of resources - pension	(72,515)	(9,833)	-
Accounts payable	-	-	-
- net of items affecting capital assets	(5,007)	-	-
Accrued salaries, wages and benefits	2,678	181	-
Due to other funds	(149)	1	-
Due to other governments	412	(16,360)	(34,294)
Other post-employment benefit obligation	-	300,923	-
Claims payable	-	212,715	(176,019)
Deferred inflows of resources - pension	(6,912)	(939)	-
Net pension liability	173,977	23,590	-
Total adjustments	<u>144,603</u>	<u>502,167</u>	<u>(331,724)</u>
Net cash provided by (used in) operating activities	<u>\$ (9,677)</u>	<u>\$ (483,846)</u>	<u>\$ 18,509</u>

**Combining Statement of Cash Flows - Governmental Activities Internal Service Funds
For the Year Ended December 31, 2017**

(Continued)

	Compensated Absences	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:		
Operating income (loss)	\$ (46,470)	\$ (836,530)
Adjustments to reconcile operating Income (Loss) to Net Cash provided by operating activities:		
Depreciation	-	44,299
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:		
Receivables	-	(10,501)
Due from other funds	-	(1,174)
Due from other governments	-	(120,237)
Inventory of supplies	-	10,311
Prepaid items	-	(101)
Deferred outflows of resources - pension		(82,348)
Accounts payable		
- net of items affecting capital assets	-	(5,007)
Accrued salaries, wages and benefits	170,060	172,919
Due to other funds	-	(148)
Due to other governments	-	(50,242)
Other post-employment benefit obligation	-	300,923
Claims payable	-	36,696
Deferred inflows of resources - pension		(7,851)
Net pension liability		197,567
Total adjustments	170,060	485,106
Net cash provided by (used in) operating activities	\$ 123,590	\$ (351,424)

Fiduciary Funds – Agency Funds

Agency Funds	Agency funds are established to account for assets received and held by the City acting in the capacity of an agent or custodian.
Guarantee Deposits	To account for funds received from a contractor, developer or individual to ensure compliance with the ordinances of the City. Upon satisfactory completion of the project, the deposit is returned to the individual, developer or contractor.
Unclaimed Monies	To account for monies held by the City and Municipal Court pending identification of the individual or organization entitled to the money.
Employee Withholding	To account for amounts withheld from the payroll of the City's employees.
State Cases-Fines and Forfeitures	To account for the portion of Municipal Court fines and forfeitures forwarded to the City, which must be remitted to the County Law Library Association.
Evidence Deposits	To account for large amounts of seized money held in custody by the City in a non-interest bearing account until the appropriate court order is issued pursuant to Ohio Revised Code 2981.11 – 2981.14.
Partnership for Parks Donation	To account for the deposit of donations collected at City facilities on behalf of the Cuyahoga Falls Partnership for Parks Organization and remittance to the same.
Joint Economic Development District	To account for monies associated with the collection and contractual distributions of the income taxes of the Boston Township-City of Cuyahoga Falls Joint Economic Development District.

City of Cuyahoga Falls, Ohio

Combining Statement of Assets and Liabilities - Fiduciary Funds December 31, 2017

	Agency Funds							
	Guarantee Deposits	Unclaimed Monies	Employee Withholding	State Cases Fines and Forfeitures	Evidence Deposits	Partnership For Parks Donation	Joint Economic Development District	Totals
Assets								
Current Assets								
Equity in pooled cash and cash equivalents	\$ 177,174	\$ 38,463	\$ 369,273	\$ 6,144	\$ -	\$ -	\$ 10,198	\$ 601,252
Cash and cash equivalents - restricted					500	-		500
Investments	306,141	66,461	638,068	10,615			17,620	1,038,905
Income taxes receivable	-	-	-	-	-	-	16,314	16,314
Due from other governments	-	-	116,867	-	-	-	-	116,867
Total assets	483,315	104,924	1,124,208	16,759	500	-	44,132	1,773,838
Liabilities								
Current Liabilities								
Due to other governments	43,800	-	1,012,442	16,759	500	-	44,132	1,117,633
Deposits held and due to others	439,515	104,924	111,766	-	-	-	-	656,205
Total liabilities	483,315	104,924	1,124,208	16,759	500	-	44,132	1,773,838

City of Cuyahoga Falls, Ohio

Combining Statement of Changes in Assets and Liabilities - Fiduciary Funds For the Year Ended December 31, 2017

<u>Agency Funds</u>	<u>Balance 12/31/16</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/17</u>
Guarantee Deposits				
Assets				
Equity in pooled cash and cash equivalents	\$ 353,211	\$ (47,250)	\$ 128,787	\$ 177,174
Investments	15,070	306,141	15,070	306,141
Due from other governments	-	-	-	-
Total Assets	\$ 368,281	\$ 258,891	\$ 143,857	\$ 483,315
Liabilities				
Due to other governments	\$ 600	\$ 43,200	\$ -	\$ 43,800
Deposits held and due to others	367,681	215,691	143,857	439,515
Total Liabilities	\$ 368,281	\$ 258,891	\$ 143,857	\$ 483,315
Unclaimed Monies				
Assets				
Equity in pooled cash and cash equivalents	\$ 66,121	\$ (14,742)	\$ 12,916	\$ 38,463
Investments	2,821	66,461	2,821	66,461
Total Assets	\$ 68,942	\$ 51,719	\$ 15,737	\$ 104,924
Liabilities				
Deposits held and due to others	\$ 68,942	\$ 51,719	\$ 15,737	\$ 104,924
Total Liabilities	\$ 68,942	\$ 51,719	\$ 15,737	\$ 104,924
Employee Withholding				
Assets				
Equity in pooled cash and cash equivalents	\$ 881,976	\$ 15,944,613	\$ 16,457,316	\$ 369,273
Investments	37,630	638,068	37,630	638,068
Due from other governments	94,577	116,867	94,577	116,867
Total Assets	\$ 1,014,183	\$ 16,699,548	\$ 16,589,523	\$ 1,124,208
Liabilities				
Due to other governments	\$ 934,869	\$ 14,280,446	\$ 14,202,873	\$ 1,012,442
Deposits held and due to others	79,314	2,419,101	2,386,649	111,766
Total Liabilities	\$ 1,014,183	\$ 16,699,547	\$ 16,589,522	\$ 1,124,208
State Cases Fines and Forfeitures				
Assets				
Equity in pooled cash and cash equivalents	\$ 16,157	\$ 192,131	\$ 202,144	\$ 6,144
Investments	689	10,615	689	10,615
Total Assets	\$ 16,846	\$ 202,746	\$ 202,833	\$ 16,759
Liabilities				
Due to other governments	\$ 16,846	\$ 202,746	\$ 202,833	16,759
Total Liabilities	\$ 16,846	\$ 202,746	\$ 202,833	\$ 16,759
Evidence Deposits				
Assets				
Cash and cash equivalents - restricted	\$ 500	\$ -	\$ -	\$ 500
Total Assets	\$ 500	\$ -	\$ -	\$ 500
Liabilities				
Due to other governments	\$ 500	\$ -	\$ -	\$ 500
Deposits held and due to others	-	-	-	-
Total Liabilities	\$ 500	\$ -	\$ -	\$ 500

Combining Statement of Changes in Assets and Liabilities - Fiduciary Funds
For the Year Ended December 31, 2017

(Continued)

<u>Agency Funds</u>	<u>Balance</u> <u>12/31/16</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/17</u>
Partnership for Parks Donation				
Assets				
Equity in pooled cash and cash equivalents	\$ 1	\$ 39	\$ 40	\$ -
Investments	-	-	-	-
Total Assets	\$ 1	\$ 39	\$ 40	\$ -
Liabilities				
Deposits held and due to others	\$ 1	\$ 39	\$ 40	\$ -
Total Liabilities	\$ 1	\$ 39	\$ 40	\$ -
Joint Economic Development District				
Assets				
Equity in pooled cash and cash equivalents	\$ 22,205	\$ 204,891	\$ 216,898	\$ 10,198
Investments	947	17,620	947	17,620
Income taxes receivable	\$ 8,275	\$ 16,314	\$ 8,275	16,314
Total Assets	\$ 31,427	\$ 238,825	\$ 226,120	\$ 44,132
Liabilities				
Due to other governments	\$ 31,427	\$ 238,825	\$ 226,120	\$ 44,132
Total Liabilities	\$ 31,427	\$ 238,825	\$ 226,120	\$ 44,132
Total Agency Funds				
Equity in pooled cash and cash equivalents	\$ 1,339,671	\$ 16,279,682	\$ 17,018,101	\$ 601,252
Cash and cash equivalents - restricted	500	-	-	500
Investments	57,157	1,038,905	57,157	1,038,905
Income taxes receivable	8,275	16,314	8,275	16,314
Due from other governments	94,577	116,867	94,577	116,867
Total Assets	\$ 1,500,180	\$ 17,451,768	\$ 17,178,110	\$ 1,773,838
Liabilities				
Due to other governments	\$ 984,242	\$ 14,765,217	\$ 14,631,826	\$ 1,117,633
Deposits held and due to others	515,938	2,686,550	2,546,283	656,205
Total Liabilities	\$ 1,500,180	\$ 17,451,767	\$ 17,178,109	\$ 1,773,838

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Cuyahoga Falls, Ohio’s Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City’s overall financial health.

Contents	Pages
<i>Financial Trends</i>	159-168
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	169-175
These schedules contain information to help the reader assess the City’s most significant local revenue, the property tax and the municipal income tax.	
<i>Debt Capacity</i>	176-181
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
<i>Economic and Demographic Information</i>	182-183
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place.	
<i>Operating Information</i>	184-186
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial reports for the relevant year.

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Net Position By Component Last Ten Years (Accrual Basis of Accounting)

	2017	2016	2015	2014*	2013
Government activities					
Net investment in capital assets	\$ 97,475,296	\$ 93,128,745	\$ 92,335,053	\$ 91,808,449	\$ 86,719,724
Restricted:					
Capital projects	4,570,176	4,416,995	3,063,077	-	-
Debt service	14,198	14,048	13,914	11,614	7,447
Special revenue	2,746,843	2,458,304	2,306,040	2,561,469	2,415,072
Permanent fund purpose - Cemetery Perpetual Care	244,782	241,905	239,020	234,555	231,846
Unrestricted	(20,886,478)	(16,698,179)	(14,519,150)	(17,737,712)	14,813,406
Total governmental activities net position	84,164,817	83,561,818	83,437,954	76,878,375	104,187,495
Business-type activities					
Invested in capital assets,					
net of related debt	90,978,939	84,868,646	80,341,436	74,625,126	70,628,251
Unrestricted	26,266,533	26,898,604	25,645,833	26,508,592	31,698,133
Total business-type activities net position	117,245,472	111,767,250	105,987,269	101,133,718	102,326,384
Primary government					
Net investments in capital assets	188,454,235	177,997,391	172,676,489	166,433,575	157,347,975
Restricted	7,575,999	7,131,252	5,622,051	2,807,638	2,654,365
Unrestricted	5,380,055	10,200,425	11,126,683	8,770,880	46,511,539
Total primary government net position	\$ 201,410,289	\$ 195,329,068	\$ 189,425,223	\$ 178,012,093	\$ 206,513,879

* Restated from implementation of Governmental Accounting Standards Board Statements No. 68 and 71.

City of Cuyahoga Falls, Ohio
Net Position By Component
Last Ten Years
(Accrual Basis of Accounting)

(Continued)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Government activities					
Net investment in capital assets	\$ 83,694,616	\$ 81,516,344	\$ 77,734,747	\$ 78,407,401	\$ 74,834,451
Restricted:					
Capital projects	11,336,227	9,728,552	8,287,795	6,260,920	8,757,570
Debt service	6,179	4,209	1,310	5,846	109,044
Special revenue	2,536,928	2,137,829	2,424,557	5,960,254	7,237,562
Permanent fund purpose - Cemetery Perpetual Care	229,900	227,586	225,240	221,674	219,104
Unrestricted	14,753,611	12,554,686	13,316,106	6,389,169	8,315,681
Total governmental activities net position	<u>112,557,461</u>	<u>106,169,206</u>	<u>101,989,755</u>	<u>97,245,264</u>	<u>99,473,412</u>
Business-type activities					
Invested in capital assets,					
net of related debt	65,775,358	63,255,627	59,152,090	57,049,158	54,994,967
Unrestricted	31,349,820	26,317,573	27,381,062	23,464,702	23,217,163
Total business-type activities net position	<u>97,125,178</u>	<u>89,573,200</u>	<u>86,533,152</u>	<u>80,513,860</u>	<u>78,212,130</u>
Primary government					
Net investments in capital assets	149,469,974	144,771,971	136,886,837	135,456,559	129,829,418
Restricted	14,109,234	12,098,176	10,938,902	12,448,694	16,323,280
Unrestricted	46,103,431	38,872,259	40,697,168	29,853,871	31,532,844
Total primary government net position	<u>\$ 209,682,639</u>	<u>\$ 195,742,406</u>	<u>\$ 188,522,907</u>	<u>\$ 177,759,124</u>	<u>\$ 177,685,542</u>

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Changes in Net Position Last Ten Years (Accrual Basis Accounting)

	2017	2016	2015	2014	2013
Program revenue					
Governmental activities:					
Charges for services:					
Security of persons and property	\$ 519,205	\$ 536,856	\$ 520,733	\$ 866,918	\$ 464,166
Leisure time activities	12,324	27,226	33,132	20,790	235,225
Community environment	125,102	152,871	227,326	201,372	160,817
Street maintenance	811,739	770,054	965,856	1,339,543	713,510
General government	2,303,281	2,418,428	2,209,681	2,500,922	4,962,276
Total charges for services	3,771,651	3,905,435	3,956,728	4,929,545	6,535,994
Operating grants & contributions:					
Security of persons and property	137,148	131,381	45,917	348,575	278,024
Leisure time activities	(7,500)	7,500	23,250	-	-
Community environment	557,547	580,500	355,300	535,716	300,219
Street maintenance	2,053,235	2,026,745	2,131,622	2,064,694	2,038,054
General government	121,619	125,533	7,195	-	-
Total operating grants & contributions	2,862,049	2,871,659	2,563,284	2,948,985	2,616,297
Capital grants & contributions:					
Security of persons and property	240,465	-	100,475	107,891	110,983
Leisure time activities	153,197	116,203	109,859	-	-
Community environment	1,548,283	73,843	1,245,257	-	721,956
Street maintenance	849,573	1,175,784	4,658,370	1,540,628	3,568,526
General government	-	-	102,823	-	-
Total capital grants & contributions	2,791,518	1,365,830	6,216,784	1,648,519	4,401,465
Total governmental activities program revenue	9,425,218	8,142,924	12,736,796	9,527,049	13,553,756
Business-type activity:					
Charges for service:					
Sewage and disposal	8,333,630	7,902,309	7,001,712	6,405,741	5,883,183
Water	5,647,624	5,143,261	5,345,330	5,867,593	5,997,979
Electric	48,079,266	46,579,605	41,872,912	42,147,397	40,671,375
Sanitation	3,715,767	3,667,882	3,634,212	3,793,133	3,769,257
Leisure time activities	7,465,484	7,426,456	6,642,300	5,558,640	5,690,602
Storm Drainage Utility	1,204,178	1,081,159	1,174,989	1,208,453	1,221,761
Total charges for services	74,445,949	71,800,672	65,671,455	64,980,957	63,234,157
Operating Grants & Contributions:					
Sewage and disposal	-	-	-	-	-
Water	-	-	10,276	-	-
Electric	4,183	11,000	18,538	-	-
Sanitation	56,972	45,207	68,946	52,994	45,248
Storm Drainage Utility	-	-	398,396	-	-
Total operating grants & contributions	61,155	56,207	496,156	52,994	45,248
Capital grants & contributions:					
Sewage and disposal	273,475	201,244	96,435	176,485	60,999
Water	318,725	333,695	192,015	282,859	709,571
Electric	-	-	-	37,500	-
Leisure time activities	-	-	-	-	-
Storm Drainage Utility	315,940	446,567	419,806	533,588	978,980
Total capital grants & contributions	908,140	981,506	708,256	1,030,432	1,749,550
Total business-type activities	75,415,244	72,838,385	66,875,867	66,064,383	65,028,955
Total primary government program revenue	\$ 84,840,462	\$ 80,981,309	\$ 79,612,663	\$ 75,591,432	\$ 78,582,711

City of Cuyahoga Falls, Ohio
Changes in Net Position
Last Ten Years
(Accrual Basis Accounting)

(Continued)

	2012	2011	2010	2009	2008
Program revenue					
Governmental activities:					
Charges for services:					
Security of persons and property	\$ 488,609	\$ 450,004	\$ 841,421	\$ 825,083	\$ 930,710
Leisure time activities	234,159	258,260	257,082	268,330	279,860
Community environment	549,529	467,296	244,959	286,740	513,776
Street maintenance	918,403	1,028,191	752,876	802,949	839,217
General government	4,863,081	5,135,984	4,585,060	3,393,691	7,968,738
Total charges for services	7,053,781	7,339,735	6,681,398	5,576,793	10,532,301
Operating grants & contributions:					
Security of persons and property	38,835	22,000	103,795	21,614	71,412
Leisure time activities	-	-	-	-	-
Community environment	1,527,648	896,296	1,117,721	1,088,129	775,617
Street maintenance	2,015,210	2,039,513	2,076,788	2,036,360	2,131,732
General government	-	-	-	169,851	50,209
Total operating grants & contributions	3,581,693	2,957,809	3,298,304	3,315,954	3,028,970
Capital grants & contributions:					
Security of persons and property	154,752	209,009	202,401	167,086	73,618
Leisure time activities	-	-	-	-	-
Community environment	276,683	672,090	2,414,054	1,505,326	989,980
Street maintenance	2,595,489	2,557,716	1,520,007	267,799	695,309
General government	-	-	-	-	30,000
Total capital grants & contributions	3,026,924	3,438,815	4,136,462	1,940,211	1,788,907
Total governmental activities program revenue	13,662,398	13,736,359	14,116,164	10,832,958	15,350,178
Business-type activity:					
Charges for service:					
Sewage and disposal	6,560,233	6,172,519	6,078,591	5,471,829	6,268,389
Water	6,287,031	5,401,541	5,024,010	4,858,853	5,125,578
Electric	40,256,836	39,341,257	41,058,338	36,663,940	34,032,741
Sanitation	3,668,307	3,716,577	3,662,532	3,603,540	3,781,680
Leisure time activities	6,046,646	5,910,168	5,952,524	5,770,797	5,881,339
Storm Drainage Utility	1,184,081	1,145,213	1,164,926	1,121,483	1,135,860
Total charges for services	64,003,134	61,687,275	62,940,921	57,490,442	56,225,587
Operating Grants & Contributions:					
Sewage and disposal	-	-	-	22,994	-
Water	-	122,379	35,892	-	217
Electric	-	8,392	28,669	-	7,217
Sanitation	40,199	47,815	48,857	43,633	52,870
Storm Drainage Utility	-	-	-	-	-
Total operating grants & contributions	40,199	178,586	113,418	66,627	60,304
Capital grants & contributions:					
Sewage and disposal	30,008	-	-	227,287	-
Water	130,039	-	-	-	-
Electric	34,866	-	-	-	-
Leisure time activities	-	-	-	49,767	210,320
Storm Drainage Utility	122,488	-	-	-	914
Total capital grants & contributions	317,401	-	-	277,054	211,234
Total business-type activities	64,360,734	61,865,861	63,054,339	57,834,123	56,497,125
Total primary government program revenue	\$ 78,023,132	\$ 75,602,220	\$ 77,170,503	\$ 68,667,081	\$ 71,847,303

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Changes in Net Position Last Ten Years (Accrual Basis Accounting)

(Continued)

	2017	2016	2015	2014	2013
Expenses					
Governmental activities:					
Security of persons and property	\$ 23,275,147	\$ 23,211,263	\$ 20,818,302	\$ 19,807,646	\$ 19,226,088
Leisure time activities	4,339,549	4,073,716	2,407,489	2,244,079	2,448,177
Community environment	2,271,132	2,128,007	2,101,857	1,785,142	15,185,794
Basic utility services	-	-	-	-	-
Street maintenance	8,762,258	8,646,272	8,117,963	8,034,324	7,527,258
General government	6,958,634	6,159,167	6,536,478	6,139,797	8,189,412
Interest and fiscal charges	303,622	364,476	116,030	163,316	213,290
Total governmental activities expenses	45,910,342	44,582,901	40,098,119	38,174,304	52,790,019
Business-type activity:					
Sewage and disposal	7,934,156	7,527,436	6,803,595	6,686,370	6,024,160
Water	4,427,961	4,003,814	3,991,995	4,273,858	4,050,811
Electric	48,275,772	46,856,466	43,879,705	41,358,326	43,174,472
Sanitation	3,886,703	3,463,757	3,298,991	3,443,262	3,277,406
Leisure time activities	6,381,113	6,303,759	5,986,173	5,951,069	6,268,527
Storm Drainage Utility	1,413,989	1,247,600	1,209,296	1,467,434	1,052,954
Total business-type activities expenses	72,319,694	69,402,832	65,169,755	63,180,319	63,848,330
Total primary government program expenses	118,230,036	113,985,733	105,267,874	101,354,623	116,638,349
Net (expense)/revenue					
Governmental activity	(36,485,124)	(36,439,977)	(27,361,323)	(28,647,255)	(39,236,263)
Business-type activity	3,095,550	3,435,553	1,706,112	2,884,064	1,180,625
Total primary government net expense	\$ (33,389,574)	\$ (33,004,424)	\$ (25,655,211)	\$ (25,763,191)	\$ (38,055,638)
General revenues and other changes in net position					
Governmental activities					
Property and other local taxes Levied for:					
General purposes	\$ 11,332,985	\$ 11,288,348	\$ 10,966,622	\$ 9,176,770	\$ 9,176,765
Special revenue	1,424,679	1,423,873	787,954	807,157	791,351
Income tax levied for:					
General purposes	14,735,011	14,452,530	13,730,190	12,961,239	12,697,834
Special revenue	1,880,965	1,844,905	1,769,939	1,654,537	1,620,915
Capital projects	6,896,088	6,763,886	6,489,034	6,065,951	5,942,676
Grants and entitlements not restricted to specific programs	2,617,007	2,574,287	2,856,650	1,955,857	4,427,998
Gain or (loss) on sale of capital assets	-	86,531	103,390	-	92,019
Investment earnings	584,060	473,909	364,562	203,039	137,320
Transfers	(2,382,672)	(2,344,428)	(3,147,439)	(2,375,534)	(2,047,509)
Total governmental activities	37,088,123	36,563,841	33,920,902	30,449,016	32,839,369
Business-type activity					
Investment earnings	-	-	-	-	-
Transfers	2,382,672	2,344,428	3,147,439	2,375,534	2,047,509
Total Business-type activity	2,382,672	2,344,428	3,147,439	2,375,534	2,047,509
Total primary government general revenue and other changes in net position	39,470,795	38,908,269	37,068,341	32,824,550	34,886,878
Change in net position					
Governmental Activities	602,999	123,864	6,559,579	1,801,761	(6,396,894)
Business Type Activities	5,478,222	5,779,981	4,853,551	5,259,598	3,228,134
Total primary government change in net position	\$ 6,081,221	\$ 5,903,845	\$ 11,413,130	\$ 7,061,359	\$ (3,168,760)

**City of Cuyahoga Falls, Ohio
Changes in Net Position
Last Ten Years
(Accrual Basis Accounting)**

(Continued)

	2012	2011	2010	2009	2008
Expenses					
Governmental activities:					
Security of persons and property	\$ 18,943,973	\$ 20,176,824	\$ 20,486,414	\$ 23,430,589	\$ 20,885,650
Leisure time activities	2,404,181	2,582,822	2,412,432	2,644,714	2,811,353
Community environment	2,815,456	2,698,449	4,220,657	2,425,183	1,927,929
Basic utility services	-	-	-	-	-
Street maintenance	6,666,398	7,635,326	8,110,272	6,936,730	8,417,596
General government	9,011,136	7,809,403	7,648,904	9,098,070	11,286,008
Interest and fiscal charges	290,053	364,645	425,181	751,598	673,816
Total governmental activities expenses	40,131,197	41,267,469	43,303,860	45,286,884	46,002,352
Business-type activity:					
Sewage and disposal	6,034,476	6,480,165	5,497,927	5,190,156	5,445,620
Water	4,078,386	4,215,863	4,266,999	4,552,145	4,773,648
Electric	37,381,756	38,945,071	38,965,035	37,217,341	35,185,035
Sanitation	3,411,871	3,635,573	3,081,240	3,258,406	3,542,028
Leisure time activities	6,903,412	6,551,561	6,328,933	6,604,706	6,611,629
Storm Drainage Utility	1,125,601	1,124,710	951,755	789,037	427,802
Total business-type activities expenses	58,935,502	60,952,943	59,091,889	57,611,791	55,985,762
Total primary government program expenses	99,066,699	102,220,412	102,395,749	102,898,675	101,988,114
Net (expense)/revenue					
Governmental activity	(26,468,799)	(27,531,110)	(29,187,696)	(34,453,926)	(30,652,174)
Business-type activity	5,425,232	912,918	3,962,450	222,332	511,363
Total primary government net expense	\$ (21,043,567)	\$ (26,618,192)	\$ (25,225,246)	\$ (34,231,594)	\$ (30,140,811)
General revenues and other changes in net position					
Governmental activities					
Property and other local taxes Levied for:					
General purposes	\$ 8,908,341	\$ 9,965,744	\$ 10,429,421	\$ 10,414,278	\$ 10,440,198
Special revenue	792,443	831,460	811,514	796,234	824,016
Income tax levied for:					
General purposes	12,631,773	11,727,223	12,171,153	11,623,452	11,765,637
Special revenue	1,612,480	1,497,013	1,553,682	1,483,767	1,501,916
Capital projects	5,911,758	5,488,423	5,696,184	5,439,858	5,506,400
Grants and entitlements not restricted to specific programs	4,885,357	4,028,813	4,955,712	4,130,199	5,020,191
Gain or (loss) on sale of capital assets	48,447	-	98,731	(79,417)	54,372
Investment earnings	193,201	299,015	272,491	488,939	1,177,816
Transfers	(2,126,746)	(2,127,130)	(2,056,701)	(2,071,532)	(1,678,831)
Total governmental activities	32,857,054	31,710,561	33,932,187	32,225,778	34,611,715
Business-type activity					
Investment earnings	-	-	141	7,866	41,320
Transfers	2,126,746	2,127,130	2,056,701	2,071,532	1,678,831
Total Business-type activity	2,126,746	2,127,130	2,056,842	2,079,398	1,720,151
Total primary government general revenue and other changes in net position	34,983,800	33,837,691	35,989,029	34,305,176	36,331,866
Change in net position					
Governmental Activities	6,388,255	4,179,451	4,744,491	(2,228,148)	3,959,541
Business Type Activities	7,551,978	3,040,048	6,019,292	2,301,730	2,231,514
Total primary government change in net position	\$ 13,940,233	\$ 7,219,499	\$ 10,763,783	\$ 73,582	\$ 6,191,055

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio
Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	2017	2016	2015	2014	2013	2012	2011	2010
General Fund								
Nonspendable	\$ 301,579	\$ 281,751	\$ 262,073	\$ 266,459	\$ 237,732	\$ 201,219	\$ 194,207	\$ 222,918
Restricted	45,769	55,270	181,734	21,505	110,459	113,975	94,208	-
Assigned	1,070,830	1,438,859	1,153,447	2,144,241	1,559,926	2,127,354	1,074,608	47,921
Unassigned	10,262,546	9,480,089	9,429,461	8,583,242	9,139,036	6,755,367	7,785,411	7,829,712
Total General Fund	11,680,724	11,255,969	11,026,715	11,015,447	11,047,153	9,197,915	9,148,434	8,100,551
All Other Governmental Funds								
Nonspendable	1,061,814	1,094,121	989,641	955,104	789,122	13,549,608	13,568,594	12,721,630
Restricted	6,100,378	9,049,950	7,785,858	5,798,849	4,967,993	5,215,817	4,079,672	4,125,179
Committed	1,703	2,178	1,553	126,528	318,248	561,494	592,770	457,652
Assigned	-	932,268	400,114	-	-	-	795,506	689,041
Unassigned	(3,000,477)	-	-	(4,953,474)	721,889	(6,183,050)	(6,812,087)	(7,194,449)
Total All Other Governmental Funds	4,163,418	11,078,517	9,177,166	1,927,007	6,797,252	13,143,869	12,224,455	10,799,053
Total Governmental Funds	\$ 15,844,142	\$ 22,334,486	\$ 20,203,881	\$ 12,942,454	\$ 17,844,405	\$ 22,341,784	\$ 21,372,889	\$ 18,899,604

Note: In 2011, the City implemented GASB Statement No. 54. As a result, the 2010 fund balances were reclassified to reflect the effects of this pronouncement.

City of Cuyahoga Falls, Ohio
Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

(Continued)

	<u>2009</u>	<u>2008</u>
General Fund		
Reserved	\$ 342,641	\$ 444,478
Unreserved	6,280,496	7,599,834
Total General Fund	<u>6,623,137</u>	<u>8,044,312</u>
All Other Governmental Funds		
Reserved	15,367,539	15,005,000
Unreserved, Undesignated, Reported In:		
Special Revenue Funds	1,756,810	3,474,129
Capital Projects Funds	(8,546,288)	(8,009,938)
Total All Other Governmental Funds	<u>8,578,061</u>	<u>10,469,191</u>
Total Governmental Funds	<u>\$ 15,201,198</u>	<u>\$ 18,513,503</u>

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Changes in Fund Balances, Government Funds Last Ten Years (Modified Accrual Basis of Accounting)

	2017	2016	2015	2014	2013
Revenues					
Property taxes	\$ 9,401,904	\$ 9,285,230	\$ 9,221,515	\$ 9,278,950	\$ 9,421,294
Municipal income taxes	24,028,703	22,629,679	22,229,725	21,337,597	20,178,112
Other local taxes	3,319,930	3,431,145	2,573,609	696,319	640,938
State levied shared taxes	4,837,157	4,850,181	4,988,263	4,417,200	6,387,862
Intergovernmental	2,257,668	1,521,781	3,251,801	3,624,099	4,444,274
Charges for services	2,192,481	2,306,029	2,432,354	2,038,438	5,250,240
Fees, licenses, and permits	655,697	814,644	844,119	940,841	727,918
Interest earnings	598,492	461,673	336,444	176,526	133,941
Fines and forfeitures	253,389	304,782	251,164	652,005	352,468
Special assessments	74,240	99,105	96,116	121,022	165,842
Other	529,001	545,916	683,351	1,334,924	486,470
Total revenues	\$ 48,148,662	\$ 46,250,165	\$ 46,908,461	\$ 44,617,921	\$ 48,189,359
Expenditures					
Current					
Security of persons and property	\$ 19,999,874	\$ 19,278,402	\$ 18,867,260	\$ 18,555,134	\$ 18,835,729
Leisure time activities	3,776,947	3,492,399	2,470,729	2,068,837	2,270,656
Community environment	1,797,905	1,953,752	2,941,270	1,534,194	1,623,736
Street maintenance	3,367,710	3,424,531	3,798,443	3,711,222	3,457,639
General government	5,119,131	5,242,688	5,062,773	5,079,261	7,450,906
Capital outlay	17,043,474	7,459,829	8,370,123	9,322,999	21,999,635
Debt service					
Principal	954,399	893,315	1,188,631	7,748,929	1,114,980
Interest	297,310	397,366	151,112	191,604	261,071
Total expenditures	\$ 52,356,750	\$ 42,142,282	\$ 42,850,341	\$ 48,212,180	\$ 57,014,352
Excess (deficiency) of revenues over (under) expenditures	\$ (4,208,088)	\$ 4,107,883	\$ 4,058,120	\$ (3,594,259)	\$ (8,824,993)
Other financing sources (uses)					
Bond Note proceeds	-	-	6,185,000	-	6,600,000
Premium on various purpose refunding bonds	-	-	-	-	-
Payment to bond escrow account	-	-	-	-	-
Refunding bond issuance cost	-	-	-	-	-
Capital lease	-	245,877	-	-	-
Transfers in	2,935,000	2,680,000	3,459,711	4,778,527	4,580,803
Transfers out	(5,201,593)	(5,024,428)	(6,590,583)	(6,278,503)	(6,839,411)
Total other financing sources (uses)	(2,266,593)	(2,098,551)	3,054,128	(1,499,976)	4,341,392
Net change in fund balance	\$ (6,474,681)	\$ 2,009,332	\$ 7,112,248	\$ (5,094,235)	\$ (4,483,601)
Debt service as a percentage of noncapital expenditures	3.4%	3.5%	4.0%	18.6%	2.7%

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio
Changes in Fund Balances, Government Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

(Continued)

	2012	2011	2010	2009	2008
Revenues					
Property taxes	\$ 9,233,359	\$ 10,213,088	\$ 10,686,762	\$ 10,712,398	\$ 10,757,164
Municipal income taxes	19,433,228	18,672,207	19,370,713	18,231,291	18,753,883
Other local taxes	640,969	488,319	480,317	840,228	560,210
State levied shared taxes	7,237,038	6,736,036	7,125,346	6,235,084	7,355,239
Intergovernmental	3,728,442	3,914,492	5,035,728	3,002,006	2,214,516
Charges for services	5,197,180	5,052,585	4,945,171	5,463,154	7,837,010
Fees, licenses, and permits	885,612	828,291	1,022,270	1,050,543	1,835,432
Interest earnings	180,908	310,736	237,865	497,505	1,051,158
Fines and forfeitures	308,788	342,541	325,243	225,377	303,492
Special assessments	184,556	267,848	255,811	345,121	364,614
Other	873,766	1,317,232	662,765	577,768	936,910
Total revenues	\$ 47,903,846	\$ 48,143,375	\$ 50,147,991	\$ 47,180,475	\$ 51,969,628
Expenditures					
Current					
Security of persons and property	\$ 18,284,008	\$ 18,750,985	\$ 19,798,139	\$ 22,414,019	\$ 20,770,690
Leisure time activities	2,217,158	2,214,325	2,100,748	2,324,009	2,253,973
Community environment	2,637,217	2,605,718	2,422,133	2,597,303	1,888,483
Street maintenance	3,037,778	3,751,166	3,629,866	4,007,068	4,128,506
General government	7,324,776	6,941,671	6,797,451	8,169,113	10,950,142
Capital outlay	8,627,407	7,999,729	7,808,944	7,020,469	6,127,721
Debt service					
Principal	1,156,470	1,138,254	1,289,820	1,443,696	1,533,985
Interest	282,810	400,074	471,807	762,215	670,189
Total expenditures	\$ 43,567,624	\$ 43,801,922	\$ 44,318,908	\$ 48,737,892	\$ 48,323,689
Excess (deficiency) of revenues over (under) expenditures	\$ 4,336,222	\$ 4,341,453	\$ 5,829,083	\$ (1,557,417)	\$ 3,645,939
Other financing sources (uses)					
Bond/Note proceeds	-	-	-	3,093,000	-
Premium on various purpose refunding bonds	-	-	-	166,722	-
Payment to bond escrow account	-	-	-	(3,215,098)	-
Refunding bond issuance cost	-	-	-	(44,624)	-
Capital lease	-	-	-	263,515	540,197
Transfers in	22,953,663	22,624,856	23,240,546	22,675,964	22,777,318
Transfers out	(26,268,896)	(24,633,580)	(25,247,635)	(24,747,496)	(24,223,202)
Total other financing sources (uses)	(3,315,233)	(2,008,724)	(2,007,089)	(1,808,017)	(905,687)
Net change in fund balance	\$ 1,020,989	\$ 2,332,729	\$ 3,821,994	\$ (3,365,434)	\$ 2,740,252
Debt service as a percentage of noncapital expenditures	4.0%	4.0%	4.3%	5.1%	5.1%

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Assessed Valuation and Estimated Actual Values of Taxable Property Last Ten Years

Collection Year	Real Property			Tangible Personal Property			
	Assessed Value		Estimated Actual Value	Public Utility		General Business	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2017	\$ 710,687,960	\$ 244,652,170	\$ 2,729,543,229	\$ 9,666,340	\$ 10,984,477	-	-
2016	707,180,150	244,859,310	2,720,112,743	8,986,090	10,211,466	-	-
2015	701,837,420	234,800,490	2,676,108,314	8,783,580	9,981,341	-	-
2014	717,638,140	233,258,230	2,716,846,771	8,510,780	9,671,341	-	-
2013	715,103,780	229,827,490	2,699,803,629	7,862,230	8,934,352	-	-
2012	715,700,850	228,184,860	2,696,816,314	7,284,710	8,278,080	-	-
2011	764,081,830	265,853,240	2,942,671,629	6,922,010	7,865,920	-	-
2010	761,306,820	252,733,190	2,897,257,171	6,701,350	7,615,170	979,800	3,919,200
2009	759,030,430	257,923,860	2,905,583,686	6,457,810	7,338,420	1,978,649	7,914,596
2008	770,666,300	231,161,090	2,862,363,971	6,365,790	7,233,852	24,320,362	97,281,448

Collection Year	Total			Tax Rate (per \$1,000 of Assessed Value)
	Assessed Value	Estimated Actual Value	Ratio	
2017	\$ 965,006,470	\$ 2,740,527,706	35.21%	11.00
2016	961,025,550	2,730,324,209	35.20%	11.00
2015	945,616,820	2,686,089,655	35.20%	11.00
2014	959,407,150	2,726,518,112	35.19%	11.00
2013	952,793,500	2,708,737,981	35.17%	11.00
2012	951,170,420	2,705,094,394	35.16%	11.00
2011	1,036,857,080	2,950,537,549	35.14%	11.00
2010	1,021,721,160	2,908,791,542	35.13%	11.00
2009	1,025,390,749	2,920,836,702	35.11%	11.00
2008	1,032,513,542	2,966,879,272	34.80%	11.00

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. For collection year 20017, 2008 and 2009 both types of general business tangible property were assessed at 12.5 percent, 6.25 percent and zero, respectively.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed.

Source: Summit County Fiscal Office

**City of Cuyahoga Falls, Ohio
Property Tax Rates - Direct and Overlapping Governments
(per \$1,000 of Assessed Value)
Last Ten Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Unvoted Millage										
Operating	10.4000	10.4000	10.4000	10.4000	10.4000	10.4000	10.4000	10.4000	10.4000	10.4000
Police Pension	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
Fire Pension	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
Total Unvoted Millage	11.0000									
Voted Millage										
1989 Parks & Recreation Operating	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total Voted Millage	0.0000									
Total Voted Millage by Type of Property										
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total Millage	11.0000									
Overlapping Rates by Taxing District										
City School District	74.6600	69.9500	69.9100	69.9600	69.8900	69.9200	69.8800	69.8800	69.7800	69.8700
Residential/Agricultural Real	43.6703	41.7900	41.7304	41.7600	41.1984	41.1898	41.1139	34.6521	34.5665	34.5715
Commercial/Industrial and Public Utility Real	52.6224	47.9600	47.2351	47.2300	46.9312	46.7903	46.8903	41.0287	40.9014	40.5960
General Business and Public Utility Personal	74.6600	69.9500	69.9600	69.9600	69.8900	69.9200	69.8800	69.8800	69.7800	69.8700
Summit County	14.1600	14.1600	14.1600	14.1600	14.1600	14.1600	14.1600	14.1600	14.1600	14.1600
Residential/Agricultural Real	13.2658	14.1000	14.0991	14.1000	14.0816	14.0805	14.0793	14.0201	14.0192	14.0174
Commercial/Industrial and Public Utility Real	14.0950	13.8800	13.9081	13.8800	14.1574	14.1534	14.1443	13.6240	13.6449	13.4948
General Business and Public Utility Personal	14.1600	14.1600	14.1600	14.1600	14.1600	14.1600	14.1600	14.1600	14.1600	14.1600
Special Taxing Districts-Cuyahoga Falls Library	1.9000	1.9000	1.9000	1.9000	1.9000	1.9000	1.3000	1.3000	1.3000	1.3000
Residential/Agricultural Real	1.7509	1.9000	1.9000	1.9000	1.9000	1.9000	1.9000	1.2993	1.3000	1.3000
Commercial/Industrial and Public Utility Real	1.9000	1.9000	1.9000	1.9000	1.9000	1.8935	1.9000	1.2618	1.2608	1.2467
General Business and Public Utility Personal	1.9000	1.9000	1.9000	1.9000	1.9000	1.9000	1.3000	1.3000	1.3000	1.3000

Source: Summit County Fiscal Office and Ohio Department of Taxation

Note:

The City's basic property tax rate may be increased only by a majority vote of the City's residents.

The real property tax rates for the voted levies of the overlapping taxing districts are reduced so that inflationary increases in value do not generate additional revenue.

Overlapping rates are those of local and county governments that apply to property owners within the City.

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Principal Taxpayers - Real Estate Tax 2017 and 2008

<u>Name of Taxpayer</u>	2017	
	<u>Assessed Value (1)</u>	<u>Percentage of Real Assessed Value</u>
Summa Akron City	\$ 5,919,390	0.61%
Newpart Limited Partnership	5,520,630	0.57%
Riverside Community Urban Redevelopment	5,176,670	0.54%
Yorkshire Woods Apartments LTD	4,856,530	0.50%
DFG Chapel Hill LLC	4,174,980	0.43%
Niederst Portage Towers LLC and Wynn	3,961,340	0.41%
Akron Jupiter LLC	3,314,800	0.34%
Sams Real Estate Business Trust	2,762,090	0.29%
Trinity Square Acquisition LLC	2,508,500	0.26%
BWIP Wyoga Towers Owner LLC	2,368,250	0.25%
Totals	<u>\$ 40,563,180</u>	<u>4.20%</u>
Total Assessed Valuation	<u>\$ 965,006,470</u>	

<u>Name of Taxpayer</u>	2008	
	<u>Assessed Value (1)</u>	<u>Percentage of Real Assessed Value</u>
Riverside Community Urban Redevelopment	\$ 6,591,430	0.66%
Yorkshire Woods Apartments LTD	5,512,480	0.55%
Niederst Portage Towers LLC & Wynn	4,915,410	0.49%
Newpart Limited Partnership	4,374,970	0.44%
Plaza Chapel Hill, Co.	3,954,510	0.39%
Dayton Hudson Corporation	3,425,530	0.34%
Sams Real Estate Business Trust	2,705,760	0.27%
Inland Western Cuyahoga Falls LLC	2,632,720	0.26%
HD Development of Maryland	2,515,780	0.25%
GoJo Industries, Inc.	1,889,960	0.19%
Totals	<u>\$ 38,518,550</u>	<u>3.84%</u>
Total Assessed Valuation	<u>\$ 1,001,827,390</u>	

Source: Summit County Fiscal Office

(1) The amounts presented represent the assessed values upon which 2017 and 2008 collections were based.

**City of Cuyahoga Falls, Ohio
Property Tax Levies and Collections
Last Ten Years**

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections	Percent of Total Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
2017	\$ 10,647,234	\$ 10,377,946	97.5%	\$ 236,262	10,614,208	99.7%	\$ 362,892	3.4%
2016	10,571,320	10,343,036	97.8%	219,706	10,562,742	99.9%	331,614	3.1%
2015	10,401,824	10,174,711	97.8%	227,113	10,401,824	100.0%	348,924	3.4%
2014	10,553,518	10,256,163	97.2%	297,355	10,553,518	100.0%	425,771	4.0%
2013	10,480,780	10,183,515	97.2%	500,160	10,683,675	101.9%	439,076	4.2%
2012	10,462,926	10,058,116	96.1%	421,477	10,479,593	100.2%	610,223	5.8%
2011	11,405,477	10,856,794	95.2%	400,743	11,257,537	98.7%	908,284	8.0%
2010	11,231,439	10,775,300	95.9%	321,773	11,097,073	98.8%	730,635	6.5%
2009	11,257,584	10,807,318	96.0%	294,572	11,101,890	98.6%	607,847	5.4%
2008	11,115,759	10,783,277	97.0%	339,869	11,123,146	100.1%	441,761	4.0%

Source: Summit County Fiscal Officer

Note: The City is aware of the requirement to report delinquent tax collections by levy year rather than collection year. However, the County is unable to provide delinquent collections by levy year. This presentation will be updated as new information becomes available.

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Income Tax Revenue Base and Collections Last 10 Years

Tax Year	Tax Rate	Total Tax Collected (1)	Taxes From Withholding	Percentage of Taxes From Withholding	Taxes From Net Profits	Percentage of Taxes From Net Profits	Taxes From Individuals	Percentage of Taxes From Individuals
2017	2.00%	\$ 23,940,612	\$ 17,640,902	74%	\$ 3,030,723	13%	\$ 3,268,987	14%
2016	2.00%	22,799,767	16,974,692	74%	2,739,541	12%	3,085,533	14%
2015	2.00%	22,212,557	16,405,895	74%	2,964,688	13%	2,841,974	13%
2014	2.00%	20,848,103	15,670,167	75%	2,774,059	13%	2,403,878	12%
2013	2.00%	20,116,462	15,019,091	75%	2,624,468	13%	2,472,903	12%
2012	2.00%	19,252,832	14,682,742	76%	2,172,464	11%	2,397,626	12%
2011	2.00%	18,423,570	13,928,426	76%	2,158,632	12%	2,336,512	13%
2010	2.00%	19,244,149	14,877,452	77%	2,025,820	11%	2,340,877	12%
2009	2.00%	18,146,139	13,350,667	74%	2,393,797	13%	2,401,675	13%
2008	2.00%	18,720,525	13,990,210	75%	2,197,352	12%	2,532,963	14%

(1) Income tax collections are based on cash basis amounts.
Source: The City's Income Tax Department

**City of Cuyahoga Falls, Ohio
Ten Largest Municipal Income Tax Withholding Accounts
Tax Years 2017 and 2008**

Tax Year 2017

Taxpayers	Income Tax Withholding Collections Ranking	Percent Of Income Tax Withholding Collections
Go Jo Industries Inc.	1	5.11%
Associated Materials LLC	2	4.85%
Summa Western Reserve Hospital	3	4.50%
City of Cuyahoga Falls	4	3.34%
Cuyahoga Falls Board of Education	5	3.17%
Americhem, Inc.	6	1.71%
Woodridge Local School District	7	1.46%
Blossom Entertainers	8	1.23%
Summit County Board of Education	9	1.11%
SWRH Physicians Inc.	10	1.08%
		<u>27.57%</u>

Tax Year 2008

Taxpayers	Income Tax Withholding Collections Ranking	Percent Of Income Tax Withholding Collections
Summa Health System Hospitals	1	4.87%
City of Cuyahoga Falls	2	4.54%
Go Jo Industries Inc.	3	4.51%
Cuyahoga Falls Board of Education	4	3.75%
Associated Materials LLC	5	3.50%
Americhem, Inc.	6	1.85%
Woodridge Local School District	7	1.52%
Manufacturers Group International	8	1.30%
Schwebel Baking Co.	9	1.18%
Summit County Board of Education	10	1.15%
		<u>28.17%</u>

Source: The City's Income Tax Department

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Ratios of Outstanding Debt To Total Personal Income and Debt Per Capita Last Ten Years

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Total Personal Income	Percentage of Personal Income	Population (1)	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	General Obligation Bonds	Capital Leases					
2017	\$ 6,062,137	\$ -	\$ 218,685	\$ 12,593,276	\$ 4,066,260	\$ 22,940,358	\$ 1,354,690,386	1.69%	49,206	g \$ 466
2016	6,627,326	-	600,146	14,490,226	5,999,194	27,716,892	1,325,320,182	2.09%	49,146	f \$ 564
2015	7,121,208	-	771,949	15,936,579	7,867,113	31,696,849	1,321,731,390	2.40%	49,210	e 644
2014	1,894,899	-	960,735	17,962,670	9,480,748	\$ 30,299,052	1,300,747,334	2.33%	49,267	d 615
2013	9,366,761	-	1,264,246	19,931,127	11,156,092	41,718,226	1,288,101,465	3.24%	49,267	d 847
2012	3,440,742	-	1,566,828	21,309,265	12,754,077	39,070,912	1,250,773,755	3.12%	49,255	c 793
2011	4,237,456	-	1,662,121	22,652,551	14,213,016	42,765,144	1,227,000,224	3.49%	49,652	b 861
2010	5,013,033	52,000	1,972,798	24,261,972	15,672,230	46,972,033	1,119,652,600	4.20%	49,652	b 946
2009	5,945,700	104,000	2,704,089	26,019,454	16,477,596	51,250,839	1,152,079,500	4.45%	51,090	a 1,003
2008	6,958,319	151,000	2,945,806	19,896,985	16,477,596	46,429,706	1,152,079,500	4.03%	51,090	a 909

Sources:

- (1) U. S. Bureau of Census, Census of Population
 - (a) July 1, 2008 U.S. Census Bureau Estimate
 - (b) 2010 U.S. Census Bureau
 - (c) 2012 U.S. Census Bureau Estimate
 - (d) 2013 U.S. Census Bureau Estimate
 - (e) 2014 U.S. Census Bureau Estimate
 - (f) 2015 U.S. Census Bureau Estimate
 - (g) 2016 U.S. Census Bureau Estimate

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Ratio of General Obligation Bonded Debt to Estimated True Value of Taxable Property and Bonded Debt Per Capita Last Ten Fiscal Years

Fiscal Year	Population (1)	Estimated Actual Value of Taxable Property (2)	Gross Bonded Debt Outstanding (3)			Ratio of Total Bonded Debt to Estimated True Value of Taxable Property	Total Bonded Debt per Capita
			Governmental Activities	Business-type Activities	Total Primary Government		
2017	49,206 g	\$ 2,740,527,706	\$ 6,062,137	\$ 12,593,276	\$ 18,655,413	0.68%	\$ 379
2016	49,146 f	2,730,324,209	6,627,326	14,490,226	21,117,552	0.77%	430
2015	49,210 e	2,686,089,655	7,121,208	15,936,579	23,057,787	0.86%	469
2014	49,267 d	2,726,518,112	1,894,899	17,962,670	19,857,569	0.73%	403
2013	49,267 d	2,708,737,981	9,366,761	19,931,127	29,297,888	1.08%	595
2012	49,255 c	2,705,094,394	3,440,742	21,309,265	24,750,007	0.91%	502
2011	49,652 b	2,950,537,549	4,237,456	22,652,551	26,890,007	0.91%	542
2010	49,652 b	2,908,791,542	5,013,033	24,261,972	29,275,005	1.01%	590
2009	51,090 a	2,920,836,702	5,945,700	26,019,454	31,965,154	1.09%	626
2008	51,090 a	2,966,879,272	6,958,319	19,896,985	26,855,304	0.91%	526

Sources:

- (1) U. S. Bureau of Census, Census of Population
 (a) 2008 U.S. Census Bureau Estimate
 (b) 2010 U.S. Census Bureau
 (c) 2012 U.S. Census Bureau Estimate
 (d) 2013 U.S. Census Bureau Estimate
 (e) 2014 U.S. Census Bureau Estimate
 (f) 2015 U.S. Census Bureau Estimate
 (f) 2016 U.S. Census Bureau Estimate

(2) Summit County Fiscal Office

(3) Includes all general obligation bonded debt with the exception of Special Assessment debt.

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Legal Debt Margin Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Overall debt limitation (10.5% of assessed valuation)	\$ 101,325,679	\$ 100,907,683	\$ 99,289,766	\$ 100,737,751	\$ 100,043,318
Net debt within 10.5 % limitations	<u>6,019,802</u>	<u>6,592,952</u>	<u>7,069,086</u>	<u>1,759,101</u>	<u>2,607,674</u>
Overall legal debt margin within 10.5% limitations	<u>\$ 95,305,877</u>	<u>\$ 94,314,731</u>	<u>\$ 92,220,680</u>	<u>\$ 98,978,650</u>	<u>\$ 97,435,644</u>
Total net debt applicable to the limit as a percentage of debt limit	5.94%	6.53%	7.12%	1.75%	2.61%
<hr/>					
Unvoted debt limitation (5.5% of assessed valuation)	\$ 53,075,356	\$ 52,856,405	\$ 52,008,925	\$ 52,767,393	\$ 52,403,643
Net debt within 5.5% limitations	<u>6,019,802</u>	<u>6,592,952</u>	<u>7,069,086</u>	<u>1,759,101</u>	<u>2,607,674</u>
Unvoted legal debt margin within 5.5% limitations	<u>\$ 47,055,554</u>	<u>\$ 46,263,453</u>	<u>\$ 44,939,839</u>	<u>\$ 51,008,292</u>	<u>\$ 49,795,969</u>
Total net debt applicable to the limit as a percentage of debt limit	11.34%	12.47%	13.59%	3.33%	4.98%

Legal Debt Margin Calculation for Fiscal Year 2016

	Unvoted Margin <u>Within 5.5%</u>	Overall Margin <u>Within 10.5%</u>
Assessed property value	<u>\$ 965,006,470</u>	<u>\$ 965,006,470</u>
Overall debt limitation (% of assessed valuation)	\$ 53,075,356	\$ 101,325,679
Gross indebtedness	17,585,000	17,585,000
Less:		
(Self-supporting as defined in O.R.C. 133.05)		
General sewer and sanitary improvements	(161,000)	(161,000)
Water utility	(1,675,000)	(1,675,000)
Recreation facilities	(9,715,000)	(9,715,000)
Debt Service Fund Balance	(14,198)	(14,198)
Net debt within limitations	<u>\$ 6,019,802</u>	<u>\$ 6,019,802</u>
Legal debt margin within limitations	<u>\$ 47,055,554</u>	<u>\$ 95,305,877</u>

Source: City's Financial Records

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio
Legal Debt Margin
Last Ten Fiscal Years

(Continued)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Overall debt limitation (10.5% of assessed valuation)	\$ 99,872,894	\$ 108,869,993	\$ 107,280,722	\$ 107,666,029	\$ 108,413,922
Net debt within 10.5 % limitations	<u>3,430,477</u>	<u>4,227,891</u>	<u>5,008,006</u>	<u>5,936,842</u>	<u>6,938,515</u>
Overall legal debt margin within 10.5% limitations	<u>\$ 96,442,417</u>	<u>\$ 104,642,102</u>	<u>\$ 102,272,716</u>	<u>\$ 101,729,187</u>	<u>\$ 101,475,407</u>
Total net debt applicable to the limit as a percentage of debt limit	3.43%	3.88%	4.67%	5.51%	6.40%
<hr/>					
Unvoted debt limitation (5.5% of assessed valuation)	\$ 52,314,373	\$ 57,027,139	\$ 56,194,664	\$ 56,396,491	\$ 56,788,245
Net debt within 5.5% limitations	<u>3,430,477</u>	<u>4,227,891</u>	<u>5,008,006</u>	<u>5,936,842</u>	<u>6,938,515</u>
Unvoted legal debt margin within 5.5% limitations	<u>\$ 48,883,896</u>	<u>\$ 52,799,248</u>	<u>\$ 51,186,658</u>	<u>\$ 50,459,649</u>	<u>\$ 49,849,730</u>
Total net debt applicable to the limit as a percentage of debt limit	6.56%	7.41%	8.91%	10.53%	12.22%

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Pledged Revenue Coverage Last Ten Years

SEWAGE AND DISPOSAL FUND

Year	Operating Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2008	\$ 6,343,298	\$ 5,289,153	\$ 1,054,145	\$ 228,903	\$ 142,132	\$ 371,035	2.84
2009	5,557,006	5,090,043	466,963	237,888	132,182	370,070	1.26
2010	6,151,949	5,170,687	981,262	251,000	80,826	331,826	2.96
2011	6,231,058	6,215,572	15,486	265,000	66,472	331,472	0.05
2012	6,621,540	5,850,125	771,415	271,000	61,172	332,172	2.32
2013	5,941,960	5,892,984	48,976	277,000	54,622	331,622	0.15
2014	6,460,514	6,481,696	(21,182)	284,000	48,284	332,284	(0.06)
2015	7,064,315	6,684,578	379,737	292,000	40,606	332,606	1.14
2016	7,967,007	7,433,436	533,571	305,000	28,926	335,926	1.59
2017	8,443,990	7,871,744	572,246	317,000	16,998	333,998	1.71

WATER FUND

Year	Operating Revenue	Operating Expenses	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2008	\$ 5,125,578	\$ 4,829,768	\$ 295,810	\$ 556,324	\$ 388,926	\$ 945,250	0.31
2009	4,858,853	4,655,041	203,812	577,633	366,518	944,151	0.22
2010	5,024,010	4,286,337	737,673	603,000	288,110	891,110	0.83
2011	5,401,541	4,144,762	1,256,779	634,000	262,280	896,280	1.40
2012	6,287,031	4,291,942	1,995,089	683,000	168,246	851,246	2.34
2013	5,997,979	4,333,335	1,664,644	707,000	145,856	852,856	1.95
2014	5,867,593	4,371,985	1,495,608	720,000	131,084	851,084	1.76
2015	5,345,330	4,219,067	1,126,263	738,000	115,309	853,309	1.32
2016	5,143,261	4,264,236	879,025	764,000	93,539	857,539	1.03
2017	5,647,624	4,746,199	901,425	785,000	69,683	854,683	1.05

Notes: Debt Service requirements are reported on a cash basis.
Operating revenues and expenses are reported on a GAAP basis.

City of Cuyahoga Falls, Ohio
Pledged Revenue Coverage
Last Ten Years

(Continued)

LEISURE TIME FUND								
Year	Operating Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage	
				Principal	Interest	Total		
2008	\$ 5,881,339	\$ 5,692,931	\$ 188,408	\$ 803,674	\$ 376,184	\$ 1,179,858	0.16	
2009	5,770,797	6,071,321	(300,524)	538,016	349,408	887,424	(0.34)	
2010	5,952,524	5,679,883	272,641	548,333	335,957	884,290	0.31	
2011	5,910,168	5,897,621	12,547	745,423	635,873	1,381,296	0.01	
2012	6,046,646	5,921,461	125,185	769,286	613,005	1,382,291	0.09	
2013	5,690,602	5,947,555	(256,953)	873,148	457,140	1,330,288	(0.19)	
2014	5,558,640	5,622,153	(63,513)	900,238	428,735	1,328,973	(0.05)	
2015	6,642,300	959,662	5,682,638	925,873	413,952	1,339,825	4.24	
2016	7,426,456	5,993,124	1,433,332	7,100,000	380,621	7,480,621	0.19	
2017	7,465,484	6,179,831	1,285,653	690,000	341,541	1,031,541	1.25	

Notes: Debt Service requirements are reported on a cash basis.
 Operating revenues and expenses are reported on a GAAP basis.

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Computation of Direct and Overlapping Governmental Activities Debt December 31, 2017

<u>Jurisdiction</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Applicable to City</u>
Direct - City of Cuyahoga Falls			
General Obligation Bonds	\$ 6,062,137	100.00%	\$ 6,062,137
Capital Leases	218,685	100.00%	218,685
Total Direct Debt	6,280,822		6,280,822
Overlapping			
School Districts			
Cuyahoga Falls City	575,000	89.17%	512,728
Woodridge Local	35,390,000	59.58%	21,085,362
Hudson City	2,040,000	3.22%	65,688
Revere Local	66,783,793	0.80%	534,270
Stow-Munroe Falls City	3,342,551	0.27%	9,025
County			
Summit County	47,270,000	8.29%	3,918,683
Other Units			
Akron-Summit County Library District	14,680,000	3.61%	529,948
Total Overlapping Debt	170,081,344		26,655,704
Total	\$ 176,362,166		\$ 32,936,526

Source: Summit County Fiscal Office

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.

**City of Cuyahoga Falls, Ohio
Demographic and Economic Statistics
Last Ten Years**

Fiscal Year	Population (1)	Total Personal Income (5)	Median Family Income (1)	Per Capita Income (1)	Unemployment Rate (3)		City Square Miles (4)	Average Sales Price of Residential Property (2)	Median Age (1)
					Summit County	State of Ohio			
2017	49,206 g	\$ 1,354,690,386	\$ 51,586	\$ 27,531	4.8%	4.5%	27.8	\$ 142,969	39.7
2016	49,146 f	1,325,320,182	50,832	26,967	5.0%	4.8%	27.8	136,923	39.7
2015	49,210 e	1,321,731,390	49,188	26,859	4.8%	4.6%	27.8	137,751	39.5
2014	49,267 d	1,300,747,334	49,438	26,402	4.9%	4.7%	27.8	138,814	39.4
2013	49,267 d	1,288,676,919	48,606	26,157	6.4%	6.6%	27.8	134,556	38.8
2012	49,255 c	1,251,027,745	46,450	25,399	6.1%	6.6%	27.8	128,421	38.8
2011	49,652 b	1,227,000,224	47,071	24,712	7.4%	7.6%	27.8	124,634	38.8
2010	49,652 b	1,119,652,600	52,372	22,550	7.3%	10.0%	27.8	127,338	37.2
2009	51,090 a	1,152,079,500	52,372	22,550	9.8%	10.2%	27.8	129,051	37.2
2008	51,090 a	1,152,079,500	52,372	22,550	6.1%	6.5%	27.8	139,477	37.2

Sources:

- (1) U. S. Bureau of Census, Census of Population
 - (a) 2008 U.S Census Bureau Estimate
 - (b) 2010 U.S Census Bureau
 - (c) 2012 U.S. Census Bureau Estimate
 - (d) 2013 U.S. Census Bureau Estimate
 - (e) 2014 U.S. Census Bureau Estimate
 - (f) 2015 U.S. Census Bureau Estimate
 - (g) 2016 U.S. Census Bureau Estimate
- (2) Summit County Fiscal Office
- (3) Ohio Bureau of Employment Services; U.S. Department of Labor, Bureau of Labor Statistics, Ohio Labor Market Information
- (4) City Records
- (5) Computation of per capita income multiplied by population

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Principal Employers 2017 and Ten Years Ago

2017

<u>Employer</u>	<u>Nature of Activity</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Summa Western Reserve Hospital	Hospital	1,099	4.29%
Go Jo Industries Inc.	Manufacturer	1,020	3.98%
City of Cuyahoga Falls	Government	936	3.66%
Cuyahoga Falls Board of Education	Education	782	3.05%
Woodridge Local School District	Education	687	2.68%
B T L Payroll	Payroll Services	598	2.33%
The Fred Albrecht Company	Grocer	553	2.16%
Summit County Board of Education	Education	440	1.72%
GMRI	Restaurant	359	1.40%
Associated Materials	Manufacturer	334	1.30%
Total		6,808	26.57%
Total Employment Within the City		25,600	

2008

<u>Employer</u>	<u>Nature of Activity</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
City of Cuyahoga Falls	Government	1,024	3.70%
Go Jo Industries Inc.	Manufacturer	1,021	3.69%
Summa Health System Hospital	Hospital	994	3.59%
Cuyahoga Falls Board of Education	Education	980	3.54%
NE Ohio Development Special Co	Employment Services	612	2.21%
B T L Payroll	Payroll Services	532	1.92%
Associated Materials Inc.	Manufacturer	451	1.63%
Edsco Industries Inc.	Information Services	445	1.61%
Woodridge Local School District	Education	422	1.52%
GMRI	Restaurant	396	1.42%
Total		6,877	24.83%
Total Employment Within the City		27,700	

Source: City Financial Records and estimate for Total Employment within the City from Ohio Labor Market Information (OhioLMI.com)

**Capital Asset Statistics By Function/Program
Last Ten Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Police										
Vehicles	39	38	41	42	39	40	41	42	49	47
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Vehicles	28	27	29	27	27	28	29	28	28	28
Stations	5	5	5	5	5	5	5	5	5	5
Highways and Streets										
Streets(miles)	241.43*	234.02*	234.02*	233.52*	233.03*	232.58*	232.26*	232.19*	232.19*	232.19*
Streetslights	6,006	6,214	5,965	5,919	5,898	5,637	5,627	5,624	5,618	5,587
Traffic Signals	79	79	79	79	72	72	78	78	81	78
Vehicles	40	36	55	53	52	53	52	52	52	53
Recreation										
Number of Parks	24	24	24	24	24	24	24	24	24	24
Vehicles	22	25	36	38	38	37	39	41	40	40
Number of Tennis Courts	8	8	8	8	8	8	8	17	17	17
Number of Baseball Diamonds	35	35	35	35	35	35	35	35	35	35
Recreation Center	1	1	1	1	1	1	1	1	1	1
Golf Courses	1	1	1	1	1	1	1	1	1	1
Acres of City Parks	507	507	507	507	507	507	507	507	507	507
Swimming Pools	12	12	12	12	12	12	12	12	12	12
Water										
Water Mains (miles)	200	200	200	200	200	200	200	200	200	200
Fire Hydrants	2,114	2,117	2,114	2,114	2,114	2,114	2,111	2,111	2,325	2,325
Vehicles	15	16	19	19	20	20	20	19	21	21
Sewer										
Sanitary Sewer Lines (miles)	152	152	152	152	152	152	152	152	152	152
Storm Sewer Lines (miles)	152	152	160	160	151	151	160	151	151	151
Vehicles	13	12	11	13	13	13	13	13	20	11
Electric										
Substations	13	13	13	13	13	13	12	13	13	13
Miles of Service Lines	339	339	339	339	336	335	313	310	309	307
Vehicles	29	27	33	28	26	27	27	27	27	27
Sanitation										
Vehicles	22	24	27	25	22	22	18	26	25	26
Number of Routes	7	7	7	9	9	7	6	6	6	6
Parking Facilities										
City Lots and Decks	14	14	14	14	14	14	14	14	14	16
Square Feet	312,467	312,467	312,467	312,467	312,467	312,467	312,467	312,467	312,467	360,686
Spaces	1,312	1,312	1,312	1,312	1,312	1,312	1,312	1,312	1,312	1,998
Recreation Lots	27	27	26	25	25	25	25	25	25	22
Square Feet	700,560	700,560	694,023	644,237	644,237	644,237	644,237	644,237	644,237	361,980
Spaces	2,010	2,010	1,995	1,955	1,955	1,955	1,955	1,955	1,955	1,886

* With new Geographic Information System advances more accurate statistics can be recorded.

Source: City Departments

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls Full-Time Equivalent City Government Employees by Function/Program Last Ten Years

Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government										
Council	6	6	6	6	6	6	6	6	6	6
Mayor	2	2	2	2	2	2	2	2	2	2
Mayor's Court	2	2	1	2.5	2.5	2.5	2.5	2	1.5	0
Finance	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Law Director	7	7.5	7.5	7.5	6	7.5	8	8	8.5	9.5
Service Director	3	3	4	4	4	4.5	4	4.5	4.5	4.5
Municipal Court	0	0	0	0	0	0	0	0	0	24
Clerk of Courts	0	0	0	0	0	0	0	0	0	23
Civil Service	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Engineering	10	10	10	10	10	10	11	11	11	11
HR	3	3	3	3	3	3	4	4	4	3
Print Shop	0	0	0	0	0	0	0	0	1	1
Building & Grounds	10	8.5	8	9	9	8	12	11.5	12	12
Income Tax	3.5	4	4.5	3.5	4	4	5	5	5	5
Information Services	8	7	7	7	8	8	8	7	8.5	8.5
Security of Persons & Property										
Building	0	0	0	0	0	0	0	4.5	7	7
Police	79.5	79	79.5	74.5	77.5	78	76	84	93	109.5
Crossing Guards	1	1.5	1.5	3	2	2	3	4	4.5	5.5
Fire	73.5	75.5	75.5	72.5	75.5	72.5	76.5	83	83	84.5
Technical Services	4	4	4	4	4	4	4	5	6	5
Communications	13	14.5	13.5	14.5	13.5	13	15	14	14.5	0
Community Environment										
Community Development	11.5	13.5	13	10.5	12	12	13	13	14	14
Leisure Time										
Parks & Recreation	123.5	130.5	132	131.5	127	132	136.5	141	142	137
Transportation										
Streets	28	25.5	26	27	27	27	29	32	32	33
Storm Water	2.5	2.5	2.5	2.5	2.5	2.5	3	3	2	1
Sewage and Disposal	13	13	12.5	12	12	12	12	12	12.5	15
Water	19.5	20.5	20	20.5	20	20	22	17	25.5	27
Electric	45	43	45	44.5	42	42	45	45	48	51
Sanitation	17.5	18.5	19	17	14.5	16.5	14.5	14.5	18	18.5
Garage	8	7	7	7	5.5	6.5	8	8	9	9

Notes:

All part-time employees and City Council Members were counted as .5 full-time equivalents for the purposes of this table.

Effective January 1, 2009, the Municipal Courts and Clerk of Courts moved to Stow, Ohio. Due to this move, a Mayor's Court was created.

A Communications Division was created in 2009 when dispatching functions were separated from policing functions.

Effective January 1, 2012, The City's Building Department merged with Summit County's Building Department. The City's Building Department employees then became employees of Summit County.

Source: Sick Leave Accrual Hours Register from last pay of each year indicated.

**City of Cuyahoga Falls
Operating Indicators by Function/Program
Last Ten Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Police										
Policepersons and Officers	71	72	73	70	70	71	71	76	83	83
Total Calls	35,534	36,044	33,812	29,221	28,608	28,291	29,657	27,838	29,249	44,836
Criminal Charges	455	487	434	466	573	467	366	419	340	309
Traffic Citations	7,914	6,699	6,108	5,843	9,655	8,527	8,538	6,528	6,103	5,555
Fire										
Firefighters and Officers	71	73	73	70	73	74	77	79	79	81
Total Calls	8,553	8,375	8,377	7,778	7,677	7,836	7,789	7,789	7,903	7,883
Inspections	1,730	1,715	1,899	1,310	1,039	1,082	910	1,069	1,775	1,770
Smoke Detectors Installed	200	120	138	224	297	297	587	221	110	534
Highways and Streets										
Potholes repaired	11,467	6,128	16,930	18,028	5,646	8,331	11,773	7,591	10,409	9,773
Rock Salt Used(Tons)	11,781	9,024	13,683	13,613	8,796	4,897	8,085	12,401	9,125	13,315
Senior Snow Watch Participants	53*	38*	32*	29*	0*	0*	0*	1,265	1,315	1,337
Leaf Program(Cubic Yards)\	12,080	14,615	15,040	14,120	12,120	16,160	10,433	10,433	14,680	13,360
Recreation										
Brookledge-Number of Rounds	32,507	32,071	32,084	32,498	35,835	37,655	34,732	35,789	35,960	36,725
Waterworks-Daily Admissions	63,704	68,473	78,775	64,532	61,604	88,814	82,014	88,588	72,753	76,212
Natorium-Daily Admissions	721,918	723,521	704,736	644,182	634,459	686,254	711,104	713,997	739,122	777,588
Water										
Average Daily Pumped (Gallons)	4,494,808	5,343,000	5,300,000	5,120,000	5,482,000	5,682,000	5,965,000	6,469,000	6,910,000	6,972,000
Water Main Breaks	72	65	96	113	84	64	83	97	111	84
New Water Taps	174	110	137	122	68	26	44	31	104	104
Sewer										
Average Daily Sewage Transportation (Gallons)	4,633,092	5,479,000	5,400,000	4,400,000	4,460,000	4,350,000	5,300,000	4,141,641	4,559,195	4,898,000
Sanitary Sewers Cleaned (Feet)	18,462	51,602	51,602	52,744	91,832	100,300	114,904	92,707	74,167	76,961
Storm Sewers Cleaned (Feet)	700	1,500	1,500	650	2,812	2,658	658	1,450	1,320	4,497
Electric										
Average Daily Consumption (in KWH)	1,246,120	1,157,910	1,178,000	1,258,890	1,262,680	1,284,044	1,281,885	1,291,895	1,218,272	1,277,561
Light Bulbs Issued	1,005	1,394	2,656	2,046	1,791	2,164	4,880	5,528	5,474	6,050
Green Energy Participants		180	127	156	173	192	207	234	236	263
Sanitation										
Refuse Collected (tons/year)	15,815	15,449	15,348	15,562	15,144	15,217	16,096	16,687	16,710	16,254
Recyclables collected (tons/year)	5,093	5,038	5,052	4,301	3,952	3,887	3,355	3,237	3,145	3,362
Yardwaste Collected (tons/year)	2,984	3,038	3,550	3,468	2,049	1,753	2,439	2,154	1,708	767
Building										
Residential Building Permits Issued	0**	0**	0**	0**	0**	0**	0**	2,806	1,943	1,433
Commercial Building Permits Issued	0**	0**	0**	0**	0**	0**	0**	413	508	303
Miscellaneous Building Permits Issued	0**	0**	0**	0**	0**	0**	0**	568	1,561	2,071

Note: N/A indicates that data is not available.

* Senior Snow Watch Program ended in 2011 and restarted in January of 2014 with new restrictions for eligible residents.

** Building Department outsourced to Summit County January 1, 2011.

Source: City records