



OHIO AUDITOR OF STATE  
**KEITH FABER**





CITY OF TALLMADGE  
SUMMIT COUNTY  
DECEMBER 31, 2018

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# OHIO AUDITOR OF STATE KEITH FABER



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

City of Tallmadge  
Summit County  
46 North Avenue  
Tallmadge, Ohio 44278

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tallmadge, Summit, (the City) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 24, 2019 wherein we noted the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

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

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

***Compliance and Other Matters***

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

June 24, 2019

**CITY OF TALLMADGE, OHIO**  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2018

PREPARED BY THE OFFICE OF:

**MOLLIE GILBRIDE,  
DIRECTOR OF FINANCE**

*46 NORTH AVENUE  
TALLMADGE, OH 44278*





# **INTRODUCTORY SECTION**



**CITY OF TALLMADGE, OHIO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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June 24, 2019

The Honorable Mayor, Members of City Council and Citizens of the City of Tallmadge, Ohio

Ladies and Gentlemen:

The Comprehensive Annual Financial Report (CAFR) of the City of Tallmadge, Ohio (the City) is hereby presented. This CAFR represents the official report of the City of Tallmadge's operations and financial position for the year ended December 31, 2018 and has been developed to accurately detail the status of City finances to Tallmadge residents and elected officials, investment banks, underwriters and all other interested parties. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge, the data contained in this report is accurate in all material respects, and is presented in a manner designed to set forth fairly the financial position and results of operations of the City. All disclosures necessary to provide the reader with a better understanding of the City's financial activities have been included.

The City is responsible for establishing and maintaining an internal control structure 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 the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

Ohio law requires independent audits to be performed on all financial operations of the City either by the Auditor of State or an independent public accounting firm, if permitted by the Auditor of State. The Auditor of State's office performed the audit for the year ended December 31, 2018. The Independent Auditor's Report on the basic financial statements is included in the financial section of this report.

As a part of the City's independent audit, tests are made to determine the adequacy of the internal control structure, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's independent audit for the year ended December 31, 2018 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

This transmittal letter is designed to provide historical information about the City, as well as complement the required Management's Discussion and Analysis (MD&A). Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements. The City's MD&A, which focuses on the government-wide statements, can be found immediately following the Independent Auditor's Report.

#### THE REPORTING ENTITY

The City has reviewed its reporting entity definition to ensure compliance and conformance with the provisions of GASB Statement No. 14, "The Financial Reporting Entity." For financial reporting definition purposes, City management has considered all agencies, departments, and organizations comprising the City of Tallmadge, the primary government.

The Tallmadge City School District has not been included in the accompanying financial statements. The City and the School District are independent of each other in terms of governing bodies, financial resources and management.

The City participates in the Akron Metropolitan Area Transportation Study (AMATS), and the Brimfield Township-City of Tallmadge Joint Economic Development District and the Regional Income Tax Agency. These organizations are described in more detail in Note 16 of the Basic Financial Statements.

## **THE CITY OF TALLMADGE**

In August 1935 Tallmadge citizens voted to incorporate the township as a village effective January 1, 1936. Tallmadge was recognized by the State of Ohio as a city in 1951. The City received its name, like many towns in the Ohio Western Reserve, after important men in their day. Such has been the case with Colonel Benjamin Tallmadge who was a lieutenant colonel in the army of the Revolutionary War, and later a business promoter, churchman, and U.S. Congressman. Colonel Tallmadge originally purchased large lots of land in the Western Reserve. In 1806 a mission worker for the Congregational Church, Reverend David Bacon, purchased the land then known as Town 2 Range 10 to found a religious colony, which later became Tallmadge.

Tallmadge has preserved its historical heritage. An excellent example of Western Reserve design is the center of Tallmadge known for its circle or rotary, still the architectural focus of the community.

The City is located in Summit and Portage Counties, with over 97% of the property located in Summit County and the remainder in Portage County. The City is approximately 13.5 square miles in size, is located approximately 35 miles south of Cleveland, Ohio and is contiguous to Akron, Ohio. The City's 2018 population of 17,537 makes it the eighth largest City in Summit County.

## **CITY GOVERNMENT**

The City operates under and is governed by its Charter, first adopted in 1995, effective January 1, 1996. The City is a home-rule municipal corporation operating under the laws of the State of Ohio. The laws of the State of Ohio prevail when conflicts exist between the Charter and the state constitution and in matters where the charter is silent. The City's Charter can only be amended by a majority vote of the City's registered voters.

Legislative authority is vested in a seven-member Council, of whom three are elected at-large and four are elected from wards, all for four-year staggered terms.

The City's chief executive and administrative officer is the Mayor, who is elected by the voters to that office for a four-year term. The other elected officials are the Director of Finance and Director of Law, both elected to a four-year term. The Mayor also appoints members to several boards and commissions.

## **ECONOMIC CONDITION AND OUTLOOK**

The City offers an attractive opportunity for business growth. Tallmadge has a diversified tax base with 450 plus business establishments, from its largest employer, Autosales, Inc., to small family businesses which provide the opportunity and interests that keep Tallmadge a vital part of the market place.

The City operates a Community Reinvestment Area Tax Abatement Program. This program is available for commercial and industrial expansions and new construction. The abatement is for property taxes on the increased values of real estate attributable to the improvements or new construction. This program will abate real estate taxes on the building from four up to ten years and from 50% up to 100%. To date 114 companies have taken advantage of the tax abatement program. In addition, in 2006 the City instituted a New Jobs Grant Program, which was last amended in 2012. This program is aimed at new business attraction and existing business growth. New businesses that locate in the City and have a payroll exceeding \$500,000 per year (\$1 million for retail) are eligible for a grant equal to the amount of 50% of payroll taxes paid in the previous calendar year for five (5) years. Existing Tallmadge businesses only need to create new job payroll of \$250,000 to qualify. Each of the City's top five for profit businesses applied for this incentive in 2012 and an additional 4 existing companies applied in 2013 substantiating the fact that our local economy is improving. In 2018, the City paid out \$217,852 to companies for new jobs created under this program.

Net employment because of these expansions and other developments typically amounts to approximately 140 positions yearly. Most employment within the City occurs in businesses housed in 5,000 to 20,000 square foot buildings. Tallmadge's employment rate remains stable due to this large number of small businesses in the City. Unemployment rates tend to run at least one percent lower than the Akron Metropolitan Area.

In efforts to stabilize the largest source of general fund revenue, the citizens voted in 2004 to make the City's 2% income tax permanent. The income tax collections at the end of fiscal year 2018 experienced a decrease of 4% from the prior fiscal year. Much of the decrease was the result of collections from net profit taxes on businesses operating in the City due to changes in the State and Federal tax laws for the calculations of net profits. The withholding tax, which makes up 76 percent of the City's total income tax dollars, remained steady and saw a 1% increase. In December of 2009, the City joined a council of governments, the Regional Income Tax Agency (RITA) for the collection of income tax.



The City is meeting the demands of a changing population with several developments. New single-family home construction is on the rise again with the completion of the 65 lot Woodridge development and the 56 lot Eastwood Glen development in 2016. Seventy-five percent of the lots in the Woodridge development and 100 percent of the lots in the Eastwood Glen development have been granted permits for new housing starts as of the end of 2017. An additional 41 new lots were added in 2017 in Phase 2 of the Baker's Acres development. We have also seen an uptick in housing for seniors. In 2017, Testa Builders completed construction on the Village at Town Center development as a part of programs sponsored by the Ohio Housing Finance Authority for affordable senior housing. Phase I of the development includes a 4-story mixed use building with retail locations on the ground level, two floors of senior housing credit apartments, and a top floor with market rate condominiums. In 2018, Phase II of the Village at Town Center was completed with the addition of two store fronts. Additionally, Phase III of the development began with construction of a two-story medical complex which will house a dialysis center on the main floor and a doctor's offices on the second floor. The building will be completed and fully occupied by the end of 2019.

The City created a Joint Economic Development District (JEDD) effective January 1, 2004 that encompasses 70% of the Township of Brimfield. The JEDD has resulted in additional income tax collections for the City and will continue in the future. This income tax is distributed to both the City and the Township. The City receives 50 percent of the income tax for general operations. The Township receives 50 percent of the annual collections, with 10 percent set aside for the JEDD Maintenance and Capital Improvement Fund. There are significant areas for development in the JEDD in addition to the already established industrial park land adjacent to the Interstate 76/Route 18 interchange. The shared collection rate is presently at 1.25%. The tax rate has scheduled increases in quarter percent increments until it reaches 2% by 2025. The rate increases to 1.50% in 2019. Income tax revenue generated in the JEDD for 2018 exceeded \$1.4 million.

Future growth also depends on the ability of the City to provide adequately serviced areas for growth. In 1995, the City successfully annexed 257 acres of industrial zoned property. This property, located at an interstate interchange, is the City's prime industrial area and as such is experiencing increased pressure for development. This new industrial property, and the JEDD area coupled with the demands for development in the City, indicates a promising future for economic development.

The Cascades development is located within the JEDD totaling about 114 acres consisting of 216 apartment units, commercial and retail stores. In 2008, 600,000 square feet of retail development was completed including Wal-Mart, Applebee's Restaurant, Lowe's Home Center, Arabica Coffee Shop, Beef O' Brady's, St. Nails, and the Dollar Store - all located at the Cascades of Brimfield retail park as well as development of a large residential apartment complex located in the back of the project. In 2010, Kohl's opened its doors as one of the new anchor department stores while Marshalls opened in late 2011. Since 2011, there has been continued growth and development in the Cascades with several retail stores, commercial businesses, and restaurants opening. Presently there are 25 different businesses employing over 700 people at the Cascades.

The JEDD area is also home to one of the largest collaborative efforts ever to take place in our region in 2012. Tallmadge, Brimfield Township, Portage and Summit Counties, the Development Finance Authority, the Greater Akron Chamber, and Team NEO all came together to complete the Insight Rubbermaid project. This 815,000-square foot distribution facility built by Newell Rubbermaid, Inc. created 235 new jobs in our area and infused over \$25 million dollars of investment into the JEDD.

In 2017, the JEDD area saw the sale of Maplecrest Golf Course allowing for further development in the area. A portion of the golf course, which is located directly across from the Cascades of Brimfield, was rezoned commercial and will be home to further retail with anchor stores Meijer and Menards being placed on the front of the property which are slated to open in 2019. The back portion of the property was rezoned for light industrial.

## **LONG-TERM FINANCIAL PLANNING**

The City of Tallmadge has strong financial management and is aided by financial policies adopted by Council. The City established a minimum fund balance policy in 1998 with amendments and updates to the policy in 2005. The amendments in 2005 provided additional financial guidelines. The purpose of the policy is to be proactive in financial management and establish minimum levels to be maintained in the major operating funds, which include the general, fire/EMS levy, street maintenance and repair, sewer and water funds. In 2012 our Investment Policy was updated to facilitate better returns on invested funds. Also in 2015 the Debt Policy was updated to more closely follow the guidelines established by the Ohio Revised Code. As part of the Debt Policy a five-year Capital Plan was included to assist the City with planning for future financial needs.

In February of 2006 the City was assigned for the first time a bond rating of A1 from Moody's Investors Service of Chicago and New York. The City in May 2010, once again, went to Moody's for a review of the bond rating and was assigned a rating of Aa2 on the global rating scale. This is a very attractive rating for the City and should result in more investors being attracted to the City, thereby lowering the rates of interest on future debt issuances. The Aa2 rating reflects the City's moderately sized suburban tax base, solid financial operations supported by sound reserves, and low debt burden with manageable levels of expected future borrowings. Moody's reaffirmed this rating for the City in May 2015.

To direct plans that promote a sound patter of development, the City utilizes a Comprehensive Plan adopted by the administration and Council. The document serves a guide in defining community objectives, policies and goals. Further, to guide the direction of land development, this plan provides a thoroughfare map which was updated in 2012, a zoning district map and future land use map. The City completed an update of its Comprehensive Plan to meet the current needs of the City in 2017. In 2019, the City will be updating its zoning code to match the Comprehensive Plan.

## **MAJOR INITIATIVES**

In 2018, the City began a review of the funding for the fire department and looking at its current levy and how to fund future growth due to increases in demand for service and several required capital investments which include building a new fire station, renovating a second fire station and the purchase of a new ladder truck. The Mayor formed a committee which includes members of Council, the Finance Director, Law Director, Director of Administration, the Fire Chief and the Deputy Fire Chief to consider how to move forward with presenting a funding plan to Council. This committee will continue to meet in 2019 and come up with a strategy for meeting the increased funding demands of the fire department.

Maintaining the City's infrastructure is an ongoing commitment. The City continues with the maintenance of sanitary sewers, water improvements, storm water improvements, road paving, concrete maintenance programs and general infrastructure improvements. In 2019, the City will complete a review of its water and sewer rates to ensure that a system for evaluating future rate increases is in place which provides adequate funding for infrastructure maintenance.

The City will continue to place a major emphasis on economic development within the City as well as within the JEDD in Brimfield Township. There are numerous sites within the City for development including the Portage Boulevard Industrial Park and within the Circle Area. The West Avenue corridor continues to transform itself from being primarily a retail hub to one of mixed uses. The City purchased three pieces of property along its southwest border near the Tallmadge Circle in 2017 and continues to look for opportunities in that area for a possible historic redevelopment district. There are also significant areas for development in the JEDD District including the Karg Industrial Park, the Sunnybrook/Old Forge Road area and the land associated with the Interstate 76/Route 18 interchange.

In 2019, the City will continue exploring participation in the development of a council of governments for a county-wide dispatch center with Summit County and the cities of Stow, Cuyahoga Falls, Green and Fairlawn. The first step in this process was be the joint purchase of an updated computer aided dispatch software with those communities and the City of Akron which was completed in 2018 and is in the planning phases for implementation.

## **AWARDS**

### **GFOA Certificate of Achievement**

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 Tallmadge for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2017. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

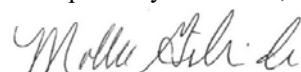
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Tallmadge has received a Certificate of Achievement for the last twenty-six consecutive years (1992 - 2017). We believe our current report continues to conform to the Certificate of Achievement program requirements and are submitting it to the GFOA.

## **ACKNOWLEDGEMENTS**

This comprehensive annual financial report was prepared by the Director of Finance office with the efficient and knowledgeable services of her staff. As Director of Finance, I would like to express my sincere appreciation to my staff, who assisted in this endeavor and whose dedication and commitment made the publication of this Comprehensive Annual Financial Report a successful accomplishment. Furthermore, I would like to thank the City Administration and the Members of Council for their continued support and commitment.

Respectfully Submitted,



Mollie Gilbride, Director of Finance



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Tallmadge  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2017**

*Christopher P. Morrill*

Executive Director/CEO

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**CITY OF TALLMADGE, OHIO  
LISTING OF PRINCIPAL CITY OFFICIALS  
AS OF DECEMBER 31, 2018**

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**ELECTED OFFICIALS**

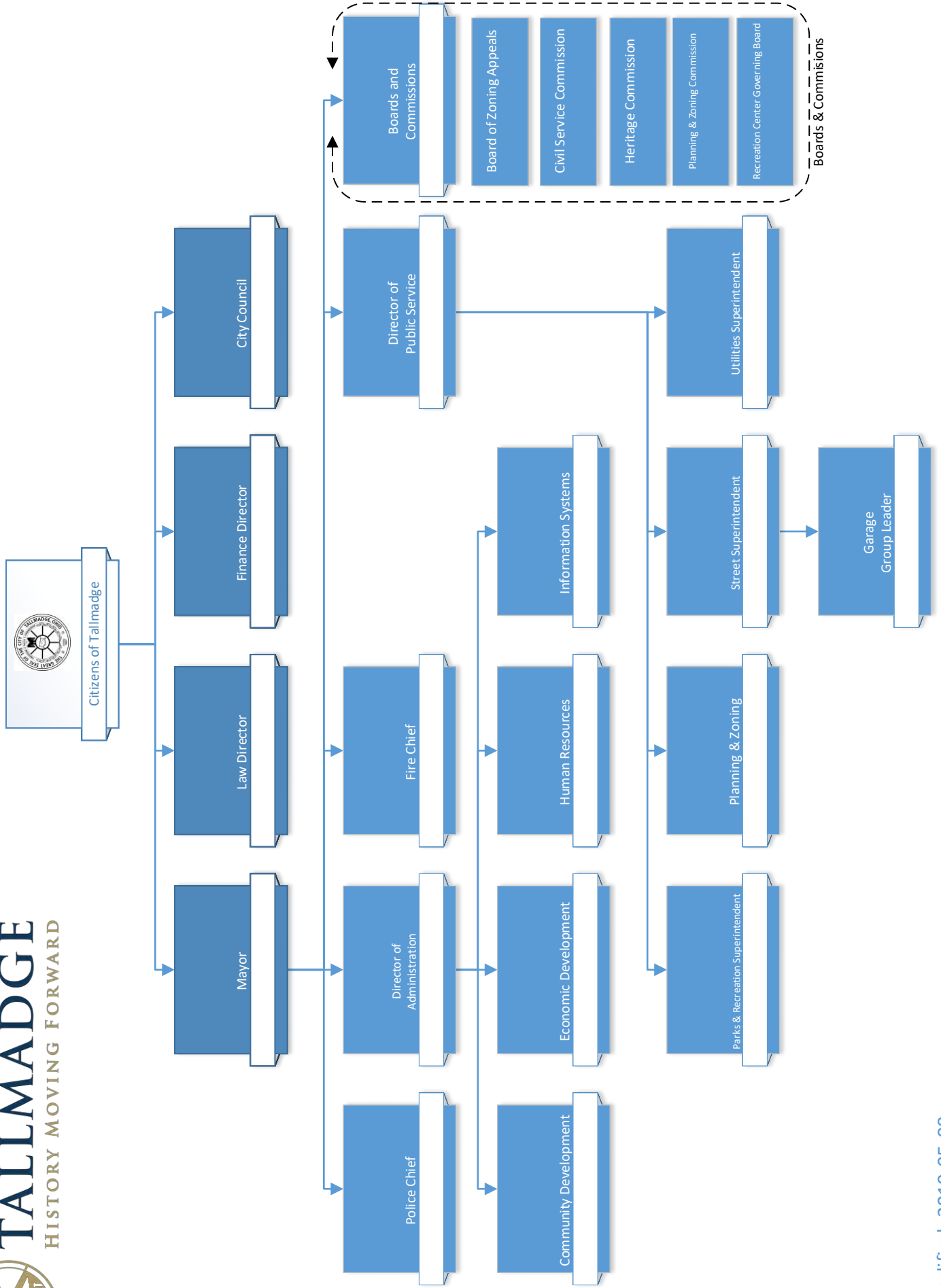
Mayor	David Kline
Director of Finance	Mollie Gilbride
Director of Law	Megan Raber
President of Council	Carol Kilway
Council Member	Rebecca Allman
Council Member	Michael Carano
Council Member	James Donovan
Council Member	Dennis Loughry
Council Member	Craig Sisak
Council Member	Mary Tricaso

**APPOINTED OFFICIALS**

Director of Public Service	Michael Rorar
Director of Administration	Donald Cooper
Community Development Manager	Andrea Kidder
Economic Development Manager	Rita Weinberg
Assistant Director of Law	Melody Briand
Assistant Director of Finance	Carissa Burns
Clerk of Council	Susan Burton
Deputy Clerk of Council	Regina Conti

**DEPARTMENT OFFICIALS**

Police Chief	Ronald Williams
Fire Chief	Michael Passarelli
Road Superintendent	Michael Weigand
Utilities Superintendent	Darrel Stineman
Civil Service Chairman	Jan Naso
Manager of Parks and Recreation	Jessica Simons



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# **FINANCIAL SECTION**







101 Central Plaza South  
700 Chase Tower  
Canton, Ohio 44702-1509  
(330) 438-0617 or (800) 443-9272  
EastRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT

City of Tallmadge  
Summit County  
46 North Avenue  
Tallmadge, Ohio 44278

To the City Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tallmadge, Summit County, Ohio (the City), as of and for the year ended December 31, 2018, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider 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 to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Tallmadge, Summit County, Ohio as of December 31, 2018, and the respective changes in its financial position and where applicable, its cash flows thereof and the respective budgetary comparisons for the General Fund, Fire/EMS Levy Fund and the Street Maintenance and Repair Fund, thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 3 to the financial statements, during the year ended December 31, 2018, the City adopted new accounting guidance in Governmental Accounting Standard Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. We did not modify our opinion regarding this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

#### *Supplementary and Other Information*

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements, and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2019, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State

Columbus, Ohio

June 24, 2019

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## CITY OF TALLMADGE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

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The management's discussion and analysis of the City of Tallmadge's (the "City") financial statements provides an overall review of the City's financial activities for the year ended December 31, 2018. The intent of this discussion and analysis is to provide a narrative that describes the City's performance as a whole. To obtain a more detailed understanding, one should also review the transmittal letter, the basic financial statements and the notes to the basic financial statements.

#### **Financial Highlights**

Key financial highlights for 2018 are as follows:

- The total net position of the City decreased \$354,392 or 1.16% from 2017. Net position of governmental activities decreased \$2,334,857 or 22.07% from 2017's restated net position and business-type activities increased \$1,980,465 or 9.86% from 2017's restated net position (see Note 3.A in the notes to the basic financial statements for detail).
- Total assets and deferred outflows of resources decreased \$474,099 from 2017.
- Total current liabilities and deferred inflows of resources increased \$1,201,006 from 2017.
- Total long-term liabilities decreased \$1,320,713 during 2018.

#### **Using this Comprehensive Annual Financial Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are comprised of the following: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required and 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 about the City's assets and deferred outflows of resources and 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 of Tallmadge is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent 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 sick leave).

Both of the government-wide financial statements distinguish between 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 general government, security of persons and property, public health and welfare, transportation, community environment, leisure time activities, and interest and fiscal charges. The government-wide financial statements can be found on pages 17-19 of this report.

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## CITY OF TALLMADGE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

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#### ***Fund Financial Statements***

Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column. The basic fund financial statements can be found on pages 20-29 of this report.

#### ***Governmental Funds***

All of the City's major activities (excluding the business-type activities) are reported in the governmental funds. This report shows how monies flow into and out of these governmental funds and the balance of spendable resources available at the end of the year. The accounting method used to report this activity is the modified accrual method. This method reports cash and like-cash items that can be converted into cash. Such information is useful in evaluating a government's near-term financing requirements. The relationship between governmental activities (reported in the statement of net position and the statement of activities) and the governmental funds is reconciled in the financial statements.

The City has nineteen 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, fire/EMS levy, and street maintenance and repair funds which are all considered major funds. Data from other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the combining statements elsewhere in this report.

#### ***Proprietary Funds***

The City maintains three proprietary funds. 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 sewer, water, and storm water operations. The basic proprietary fund financial statements can be found on pages 30-32 of this report.

#### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. A private purpose trust fund and agency fund are the City's fiduciary fund types. The basic fiduciary fund financial statements can be found on pages 33-34 of this report.

#### ***Notes to the Basic 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 basic financial statements can be found on pages 35-87 of this report.

#### ***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension liability, pension contributions, net other postemployment benefits (OPEB) liability, and OPEB contributions. The required supplementary information can be found on pages 90-102 of this report.

**CITY OF TALLMADGE, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(UNAUDITED)*

The nonmajor governmental funds are presented immediately following the notes to the basic financial statements and can be found beginning on page 103 of this report.

**Government-Wide Financial Analysis**

The statement of net position serves as a useful indicator of a government's financial position. The table below provides a summary of the City's net position for 2018 and 2017. The net position at December 31, 2017 has been restated as described in Note 3.A.

	<b>Net Position</b>					
	Governmental	Business-type	Governmental	Business-type	Total	Total
	Activities 2018	Activities 2018	Activities (Restated) 2017	Activities (Restated) 2017	2018	(Restated) 2017
<b>Assets</b>						
Current and other assets	\$ 15,147,619	\$ 9,020,205	\$ 16,110,543	\$ 7,753,052	\$ 24,167,824	\$ 23,863,595
Net pension asset	4,205	598	5,311	814	4,803	6,125
Capital assets, net	<u>26,825,674</u>	<u>16,049,518</u>	<u>27,146,072</u>	<u>15,856,817</u>	<u>42,875,192</u>	<u>43,002,889</u>
Total assets	<u>41,977,498</u>	<u>25,070,321</u>	<u>43,261,926</u>	<u>23,610,683</u>	<u>67,047,819</u>	<u>66,872,609</u>
<b>Deferred outflows of resources</b>						
Unamortized deferred charges	53,998	-	61,314	-	53,998	61,314
Pension	2,774,851	170,083	4,344,525	402,842	2,944,934	4,747,367
OPEB	<u>1,192,392</u>	<u>32,251</u>	<u>57,803</u>	<u>6,400</u>	<u>1,224,643</u>	<u>64,203</u>
Total deferred outflows of resources	<u>4,021,241</u>	<u>202,334</u>	<u>4,463,642</u>	<u>409,242</u>	<u>4,223,575</u>	<u>4,872,884</u>
<b>Liabilities</b>						
Current and other liabilities	916,489	613,731	1,207,438	1,100,266	1,530,220	2,307,704
Long-term liabilities:						
Due within one year	1,262,324	117,918	1,297,218	117,355	1,380,242	1,414,573
Due in more than one year	7,178,786	1,189,383	7,749,366	1,306,187	8,368,169	9,055,553
Net pension liability	13,279,589	630,087	15,252,056	975,103	13,909,676	16,227,159
Net OPEB liability	<u>11,132,434</u>	<u>421,186</u>	<u>9,413,421</u>	<u>421,714</u>	<u>11,553,620</u>	<u>9,835,135</u>
Total liabilities	<u>33,769,622</u>	<u>2,972,305</u>	<u>34,919,499</u>	<u>3,920,625</u>	<u>36,741,927</u>	<u>38,840,124</u>
<b>Deferred inflows of resources</b>						
Property taxes	2,247,906	-	2,079,682	-	2,247,906	2,079,682
Pension	1,419,208	182,333	147,605	14,059	1,601,541	161,664
OPEB	<u>318,078</u>	<u>52,311</u>	<u>-</u>	<u>-</u>	<u>370,389</u>	<u>-</u>
Total deferred inflows of resources	<u>3,985,192</u>	<u>234,644</u>	<u>2,227,287</u>	<u>14,059</u>	<u>4,219,836</u>	<u>2,241,346</u>

**CITY OF TALLMADGE, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(UNAUDITED)*

**Net Position - (Continued)**

	Governmental Activities 2018	Business-type Activities 2018	Governmental Activities (Restated) 2017	Business-type Activities (Restated) 2017	Total 2018	Total (Restated) 2017
<b>Net Position</b>						
Net investment in capital assets	\$ 19,498,663	\$ 14,757,523	\$ 19,123,730	\$ 14,454,902	\$ 34,256,186	\$ 33,405,911
Restricted	274,037	-	806,140	-	274,037	806,140
Unrestricted	<u>(11,528,775)</u>	<u>7,308,183</u>	<u>(9,351,088)</u>	<u>5,630,339</u>	<u>(4,220,592)</u>	<u>(3,548,028)</u>
Total net position (restated)	<u>\$ 8,243,925</u>	<u>\$ 22,065,706</u>	<u>\$ 10,578,782</u>	<u>\$ 20,085,241</u>	<u>\$ 30,309,631</u>	<u>\$ 30,664,023</u>

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27." For 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to OPEB. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

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



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**CITY OF TALLMADGE, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(UNAUDITED)*

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

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

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

As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from \$19,934,400 to \$10,578,782 for governmental activities and \$20,500,555 to \$20,085,241 for business-type activities.

Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources in 2018 by \$30,309,631, compared to \$30,664,023 in 2017 (restated), a decrease of 1.16%. During 2018, the City's total assets and deferred outflows of resources decreased by \$474,099 and total liabilities and deferred inflows of resources decreased by \$119,707.

The table on the following page shows the changes in net position for 2018 and 2017. The net position at December 31, 2017 has been restated as described in Note 3.A.

**CITY OF TALLMADGE, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(UNAUDITED)*

	<b>Change in Net Position</b>					
	Governmental	Business-type	Governmental	Business-type	2018	2017
	Activities 2018	Activities 2018	Activities (Restated) 2017	Activities (Restated) 2017	Total	(Restated) Total
<b>Revenues</b>						
Program revenues:						
Charges for services and sales	\$ 2,742,553	\$ 7,275,469	\$ 2,653,588	\$ 6,989,000	\$ 10,018,022	\$ 9,642,588
Operating grants and contributions	1,528,418	-	1,467,132	-	1,528,418	1,467,132
Capital grants and contributions	<u>44,240</u>	<u>934,330</u>	<u>428,835</u>	<u>-</u>	<u>978,570</u>	<u>428,835</u>
Total program revenues	<u>4,315,211</u>	<u>8,209,799</u>	<u>4,549,555</u>	<u>6,989,000</u>	<u>12,525,010</u>	<u>11,538,555</u>
General revenues:						
Property and other local taxes	2,167,776	-	2,071,912	-	2,167,776	2,071,912
Municipal income taxes	10,110,310	-	10,242,096	-	10,110,310	10,242,096
Grants and entitlements	1,719,143	-	1,605,087	-	1,719,143	1,605,087
Interest	270,484	-	119,726	-	270,484	119,726
Change in fair value of investments	(30,230)	-	30,106	-	(30,230)	30,106
Miscellaneous	<u>391,938</u>	<u>31,750</u>	<u>265,074</u>	<u>32,485</u>	<u>423,688</u>	<u>297,559</u>
Total general revenues	<u>14,629,421</u>	<u>31,750</u>	<u>14,334,001</u>	<u>32,485</u>	<u>14,661,171</u>	<u>14,366,486</u>
Total revenues	<u>18,944,632</u>	<u>8,241,549</u>	<u>18,883,556</u>	<u>7,021,485</u>	<u>27,186,181</u>	<u>25,905,041</u>
Program Expenses:						
General government	4,670,426	-	4,590,950	-	4,670,426	4,590,950
Security of persons and property						
Police	5,095,099	-	4,538,862	-	5,095,099	4,538,862
Street lighting	37,309	-	35,445	-	37,309	35,445
Fire	3,956,386	-	3,580,450	-	3,956,386	3,580,450
Public health and welfare	87,955	-	73,275	-	87,955	73,275
Transportation	4,089,726	-	4,450,856	-	4,089,726	4,450,856
Community environment	389,036	-	346,400	-	389,036	346,400
Leisure time activity	2,680,260	-	2,660,058	-	2,680,260	2,660,058
Interest and fiscal charges	273,292	-	322,376	-	273,292	322,376
Sewer operating	-	3,715,964	-	4,107,890	3,715,964	4,107,890
Water operating	-	2,090,577	-	2,039,430	2,090,577	2,039,430
Storm water operating	<u>-</u>	<u>454,543</u>	<u>-</u>	<u>458,769</u>	<u>454,543</u>	<u>458,769</u>
Total expenses	<u>21,279,489</u>	<u>6,261,084</u>	<u>20,598,672</u>	<u>6,606,089</u>	<u>27,540,573</u>	<u>27,204,761</u>
Transfers	<u>-</u>	<u>-</u>	<u>(2,113,760)</u>	<u>2,113,760</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	(2,334,857)	1,980,465	(3,828,876)	2,529,156	(354,392)	(1,299,720)
Net position beginning of year (restated)	<u>10,578,782</u>	<u>20,085,241</u>	<u>N/A</u>	<u>N/A</u>	<u>30,664,023</u>	<u>N/A</u>
Net position end of year	<u>\$ 8,243,925</u>	<u>\$ 22,065,706</u>	<u>\$ 10,578,782</u>	<u>\$ 20,085,241</u>	<u>\$ 30,309,631</u>	<u>\$ 30,664,023</u>

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**CITY OF TALLMADGE, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(UNAUDITED)*

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The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$64,203 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of \$950,543.

Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Total 2018 program expenses under GASB 75	\$ 21,279,489	\$ 6,261,084
OPEB expense under GASB 75	(923,952)	(26,591)
2018 contractually required contributions	<u>21,449</u>	<u>660</u>
Adjusted 2018 program expenses	20,376,986	6,235,153
Total 2017 program expenses under GASB 45	<u>20,598,672</u>	<u>6,606,089</u>
Increase (decrease) in program expenses not related to OPEB	<u>\$ (221,686)</u>	<u>\$ (370,936)</u>

**Governmental Activities**

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

Program revenues decreased in total by 5.15% from 2017. Operating grants and contributions increased 4.18% from 2017 due to an increase in operating grants and contributions received for public safety, public health and welfare, transportation, community environment and leisure time activity programs. Capital grants and contributions decreased in 2018 due to less grant funding received during 2017 for the North Avenue improvement project, which reduced transportation capital grants and contributions. General revenues increased from 2017 by 2.06%, which is primarily the result of increased property and other local taxes, unrestricted grants and entitlements (collections from the Brimfield Township-City of Tallmadge JEDD), investment income and refunds and reimbursements.

The City's municipal income tax was established by Ordinance 57 in 1967 at a rate of 1 percent to be renewed every 5 years. The municipal income tax experienced several small increases in following years. In 1975 the tax rate was increased to 1.5% and remained at that rate until 1985 when the rate increased to 2 percent. The income tax rate remains at 2 percent; however, in February of 2004 the citizens voted to make the tax a permanent tax effective March 1, 2004. The City, by ordinance, designates the income tax for capital outlay and general governmental operations for programs within the general fund. The City also allows for a 100% credit of taxes paid to other municipalities.

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## CITY OF TALLMADGE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

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The operations of the City's police department account for the largest security of persons and property expenses of governmental activities, representing 23.94% and 22.03% of the total governmental activities expenses during 2018 and 2017, respectively. During 2018, the City's police department consisted of 1 Chief, 1 captain, 5 sergeants, 18 patrol officers and 4 full-time office staff. The police department also employs on a part-time basis 5 records clerks, 1 school crossing guard, and 15 auxiliary police. The police department provides a full range of services including patrol, detective services, bike patrol, juvenile diversionary program, neighborhood crime watch, and residential and commercial security surveys. Security of persons and property expenses related to the police department increased 12.30% during 2018.

The City has operated a fire department since 1945. During 2018, the fire department employed 1 full-time Chief, 1 full-time Deputy Chief, 3 full-time Battalion Chiefs, 1 full-time fire marshal, 11 full-time paramedics/firefighters, 47 part-time paramedics/firefighters, 1 full-time clerk and 1 part-time clerk. The Fire/EMS department is accounted for in a separate fund which receives tax proceeds from a 3.75 mill property tax levy. The fire expenses account for 18.59% and 17.38% of the total governmental activities expenses during 2018 and 2017, respectively. Security of persons and property expenses related to the fire department increased 10.50% during 2018, which is primarily the result of fire equipment purchases.

The Street Maintenance and Repair department employs 20 full-time employees who provide the City and the citizens with road maintenance, road salting, ditching, leaf pickup program, cemetery maintenance, park maintenance and many other services. The transportation expenses accounted for 19.22% and 21.61% of the total governmental activities expenses during 2018 and 2017, respectively. Transportation expenses decreased 8.11% during 2018, due primarily to fewer road maintenance and repair expenses.

#### **Business-Type Activities**

Proprietary funds account for the business-type activities of the City of Tallmadge which consist of sewer, water and storm water operating activities. The City currently has 7,463 water customers, 8,210 sewer customers, and 6,252 storm water customers. The City owns and maintains all water lines within the City. The water rates were last increased in July 2012 by 8 percent. The majority of sewer lines within the City are owned and maintained by the City. The remaining sewer lines are owned and maintained by Summit County. In 2011 the City took over the billing for sewer customers being serviced by Summit County. The storm water fee has not changed since 2008 when it dropped from \$3 to \$2 per equivalent residential unit (ERU).

The revenues and expenses for the water, sewer and storm water activities are reported under the business-type activities. The revenues are primarily from charges for services. In 2018, charges for services in the amount of \$7,275,469 accounted for 88.28% of the total business-type revenues compared to 76.50% in 2017. The total expenses for the utilities were \$6,261,084, 5.22% less than 2017.

#### **The City's Funds**

Information about the City's governmental funds begins on page 20. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues of \$18,892,895 and expenditures of \$20,404,866.

The City's chief operating fund is the general fund. During 2018, the City's general fund had total revenues and other financing sources of \$15,064,054 and expenditures and other financing uses of \$16,191,594, resulting in a decrease in fund balance of \$1,127,540. The decrease in fund balance is primarily attributable to an increase in overall personnel expenditures and an increase in transfers out to other funds during 2018. Revenues in 2018 were comparable to 2017, increasing by 1.28%.

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## CITY OF TALLMADGE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

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The City's major special revenue fund, the fire/EMS levy fund, had an increase in fund balance of \$13,832. Total combined revenues and other financing sources were \$3,693,000 and expenditures were \$3,679,168. Revenues and other financing sources exceeded expenditures with transfers of \$1,460,000 from income tax collections. The City entered into a capital lease transaction during 2018 in the amount of \$191,034 for the purchase of an ambulance which will be retired out of the fire/EMS levy fund.

The City's other major special revenue fund, the street maintenance and repair fund had an increase in fund balance of \$332,576. Total combined revenues and other financing sources were \$3,775,684 and expenditures were \$3,443,108. The City entered into a capital lease transaction during 2018 in the amount of \$379,063 for the purchase of street equipment which will be retired out of the street maintenance and repair fund. Revenues and other financing sources exceeded expenditures with transfers of \$2,115,000 from income tax collections.

Information regarding the proprietary funds begins on page 30. These funds are accounted for on an accrual basis. All proprietary funds had operating revenues of \$7,307,035, which was greater than operating expenses of \$6,212,960. The total depreciation expense for these business-type funds was \$747,833. The cash and cash equivalents at year end for the proprietary funds total \$6,524,479. Net position of the sewer operating fund increased \$1,283,661 or 20.15% from 2017 largely due to a decrease in intergovernmental payable. During 2018, net position of the water operating fund increased 3.51% or \$295,512 to \$8,710,403. In the storm water fund, net position increased \$401,292 to \$5,700,216 at December 31, 2018. The overall increase in net position for all proprietary funds in 2018 was \$1,980,465, which is primarily the result of utility collections exceeding operating expenses and \$934,330 in capital contributions from developers.

#### ***Budgeting Highlights***

The City's budget is prepared according to the laws of the State of Ohio and is based on accounting for transactions on a cash basis for receipts, expenditures, and encumbrances. The most significant budgeted fund is the general fund. The legal level of control at which expenditures cannot exceed appropriations is at the personnel and operating level by program within the general fund and at the personnel and operating level for all other funds of the City. Capital items are budgeted on a program or line item basis. Management may transfer appropriations in accordance with the legislation adopted by City Council. Any budgetary modifications may only be made by ordinance adopted by City Council.

City Council adjusted the level of appropriations in various funds several times in 2018. In total the adjustments in appropriations accounted for an increase of 1.50% over the total general fund budget. The total actual expenditures and other financing uses at year end were \$16,826,188, which was \$428,630 less than the total final budget. In addition, at year end the prior year encumbrances that are determined to be unnecessary are decertified to the County on the final amended certificate and that amount is returned to the fund balance and becomes available resources.

The City places strong emphasis on monitoring the budget. The Director of Finance produces monthly appropriation, revenue, and fund reports and quarterly financial reports on a cash basis. These reports are distributed to council, administration, and appropriate department heads.

The total budgetary variance for general fund expenditures was \$428,630 or 2.48%. Positive variances were reported for all general fund departments, which illustrates the City's effort to contain the budget and control expenditures. Management was aware that the income tax collections were slightly lower than what was expected. The total variance in general fund revenues and other financing sources was a negative variance of \$678,578 or 4.26%.

**CITY OF TALLMADGE, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(UNAUDITED)*

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of 2018, the City had \$42,875,192 (net of accumulated depreciation) invested in land, buildings and improvements, equipment, infrastructure, right of ways, easements and construction in progress. Of this total, \$26,825,674 was reported in governmental activities and \$16,049,518 was reported in business-type activities.

The following table shows 2018 balances compared to 2017:

**Capital Assets at December 31 (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 3,464,539	\$ 3,441,199	\$ 375,519	\$ 375,519	\$ 3,840,058	\$ 3,816,718
Right of ways/easements	80,218	80,218	260,360	260,360	340,578	340,578
Construction in progress	105,853	88,067	21,090	-	126,943	88,067
Buildings and improvements	9,265,625	9,650,936	730,976	792,733	9,996,601	10,443,669
Equipment	3,090,954	2,606,953	271,232	327,520	3,362,186	2,934,473
Infrastructure						
Street subsystem	10,818,485	11,278,699	-	-	10,818,485	11,278,699
Water lines	-	-	5,699,341	5,751,193	5,699,341	5,751,193
Sewer lines	-	-	3,603,744	3,565,298	3,603,744	3,565,298
Storm water subsystem	-	-	5,087,256	4,784,194	5,087,256	4,784,194
<b>Totals</b>	<b><u>\$ 26,825,674</u></b>	<b><u>\$ 27,146,072</u></b>	<b><u>\$ 16,049,518</u></b>	<b><u>\$ 15,856,817</u></b>	<b><u>\$ 42,875,192</u></b>	<b><u>\$ 43,002,889</u></b>

The overall decrease of \$127,697 is a result of depreciation expense and loss on disposals exceeding current year additions. See Note 8 in the notes to the financial statements for more information regarding the City's capital assets.

***Debt Administration***

The City had the following long-term obligations outstanding at December 31, 2018 and 2017:

	Governmental Activities		Business-type Activities	
	2018	2017	2018	2017
Special assessment bonds	\$ 180,000	\$ 255,000	\$ -	\$ -
General obligation bonds	6,200,000	7,050,000	-	-
OWDA loans	-	-	1,291,995	1,401,915
Capital leases	975,435	692,000	-	-
<b>Total long-term obligations</b>	<b><u>\$ 7,355,435</u></b>	<b><u>\$ 7,997,000</u></b>	<b><u>\$ 1,291,995</u></b>	<b><u>\$ 1,401,915</u></b>

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## CITY OF TALLMADGE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

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The long-term outstanding debt for the City of Tallmadge as of December 31, 2018, was \$8,647,430. This balance reflects \$180,000 in special assessment bonds, \$6,200,00 in general obligation bonds, \$1,291,995 in OWDA loans, and \$975,435 in capital lease obligations. This is a decrease in long-term debt of 8.00% from 2017. For more detailed information on long-term obligations refer to Note 10 of this report.

The Ohio Revised Code provides that the general obligation bonds less self-supporting debt (e.g., assessment debt) of the municipal corporation, whether voted or unvoted, shall not exceed 10.50% of the assessed valuation of the total property. In addition, the unvoted net debt cannot exceed 5.50% of total assessed value of property. The City's legal total debt limit at the 10.50% margin is \$37,042,662, and the total unvoted net debt limit at the 5.50% margin is \$22,682,801.

#### **Economic Factors and Next Year's Budget and Rates**

- The City prepared the annual budget using zero based budgeting for 2019. Most departments experienced slight growth in their departmental budgets.
- The City budgeted for employees to receive a 1% percent pay increase for 2019. Three of the four unions in the City had contracts that expired and had not been finalized by year end. The Teamster's Union finalized their contract in February 2019 and agreed to a 2% wage increase. As of the opinion date of this report the Police and Fire union contracts have not been finalized. Employees will continue to participate in paying a portion of hospitalization.
- In 2019, the City will continue a study of its utility rates to ensure the continued viability of the City's water and sewer funds.
- In 2019, the City will likely place a .25 percent income tax increase on the ballot to be effective in 2020 to provide additional funding for the operational and capital needs of the fire department.
- In 2019, the income tax rate in the Brimfield-Tallmadge JEDD will increase by .25 percent to 1.5%.

#### **Contacting the City's Financial Management**

This financial report is designed to provide a general overview of the City's finances for all those with interest in the government's finances. If you have questions about this report or need additional financial information contact the office of the Director of Finance, 46 North Avenue, Tallmadge, Ohio 44278 or at the e-mail address [mgilbride@tallmadge-ohio.org](mailto:mgilbride@tallmadge-ohio.org).

BASIC  
FINANCIAL STATEMENTS



**CITY OF TALLMADGE, OHIO**

*STATEMENT OF NET POSITION  
DECEMBER 31, 2018*

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . .	\$ 8,630,623	\$ 6,524,479	\$ 15,155,102
Receivables:			
Income taxes . . . . .	2,349,940	-	2,349,940
Real and other taxes . . . . .	2,318,675	-	2,318,675
Accounts . . . . .	98,620	2,401,844	2,500,464
Accrued interest . . . . .	59,788	-	59,788
Special assessments . . . . .	180,000	-	180,000
Intergovernmental . . . . .	1,063,048	20,746	1,083,794
Materials and supplies inventory . . . . .	306,616	59,618	366,234
Prepayments . . . . .	140,309	13,518	153,827
Net pension asset . . . . .	4,205	598	4,803
Capital assets:			
Nondepreciable capital assets . . . . .	3,650,610	656,969	4,307,579
Depreciable capital assets, net . . . . .	23,175,064	15,392,549	38,567,613
Total capital assets, net . . . . .	<u>26,825,674</u>	<u>16,049,518</u>	<u>42,875,192</u>
Total assets . . . . .	<u>41,977,498</u>	<u>25,070,321</u>	<u>67,047,819</u>
<b>Deferred outflows of resources:</b>			
Unamortized deferred charges on debt refunding	53,998	-	53,998
Pension . . . . .	2,774,851	170,083	2,944,934
OPEB . . . . .	1,192,392	32,251	1,224,643
Total deferred outflows of resources . . . . .	<u>4,021,241</u>	<u>202,334</u>	<u>4,223,575</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	280,969	66,735	347,704
Accrued wages and benefits payable . . . . .	329,144	24,139	353,283
Intergovernmental payable . . . . .	286,358	499,277	785,635
Accrued interest payable . . . . .	20,018	23,580	43,598
Long-term liabilities:			
Due within one year . . . . .	1,262,324	117,918	1,380,242
Due in more than one year . . . . .	7,178,786	1,189,383	8,368,169
Net pension liability . . . . .	13,279,589	630,087	13,909,676
Net OPEB liability . . . . .	11,132,434	421,186	11,553,620
Total liabilities . . . . .	<u>33,769,622</u>	<u>2,972,305</u>	<u>36,741,927</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year . . .	2,247,906	-	2,247,906
Pension . . . . .	1,419,208	182,333	1,601,541
OPEB . . . . .	318,078	52,311	370,389
Total deferred inflows of resources . . . . .	<u>3,985,192</u>	<u>234,644</u>	<u>4,219,836</u>
<b>Net position:</b>			
Net investment in capital assets . . . . .	19,498,663	14,757,523	34,256,186
Restricted for:			
Capital projects . . . . .	119,805	-	119,805
Other purposes:			
Fire/EMS levy . . . . .	3,862	-	3,862
State highway . . . . .	53,526	-	53,526
Community environment . . . . .	61,685	-	61,685
Law enforcement . . . . .	35,159	-	35,159
Unrestricted . . . . .	<u>(11,528,775)</u>	<u>7,308,183</u>	<u>(4,220,592)</u>
Total net position . . . . .	<u>\$ 8,243,925</u>	<u>\$ 22,065,706</u>	<u>\$ 30,309,631</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF TALLMADGE, OHIO**

*STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018*

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental activities:</b>				
General government. . . . .	\$ 4,670,426	\$ 268,791	\$ -	\$ -
Security of persons and property:				
Police. . . . .	5,095,099	10,358	1,518	-
Street lights. . . . .	37,309	-	-	-
Fire . . . . .	3,956,386	432,560	127,538	-
Public health and welfare . . . . .	87,955	5,198	47,118	-
Transportation. . . . .	4,089,726	106,650	1,034,252	39,240
Community environment . . . . .	389,036	44,758	142,480	5,000
Leisure time activity. . . . .	2,680,260	1,874,238	175,512	-
Interest and fiscal charges. . . . .	273,292	-	-	-
Total governmental activities . . . . .	<u>21,279,489</u>	<u>2,742,553</u>	<u>1,528,418</u>	<u>44,240</u>
<b>Business-type activities:</b>				
Sewer operating . . . . .	3,715,964	4,743,445	-	244,042
Water operating . . . . .	2,090,577	2,182,363	-	185,520
Storm water . . . . .	454,543	349,661	-	504,768
Total business-type activities . . . . .	<u>6,261,084</u>	<u>7,275,469</u>	<u>-</u>	<u>934,330</u>
Total primary government . . . . .	<u>\$ 27,540,573</u>	<u>\$ 10,018,022</u>	<u>\$ 1,528,418</u>	<u>\$ 978,570</u>

**General revenues:**

Property taxes levied for:
General purposes . . . . .
Fire/EMS levy . . . . .
Police pension . . . . .
Municipal income taxes levied for:
General purposes . . . . .
Grants and entitlements not restricted to specific programs . . . . .
Investment earnings. . . . .
Change in fair value of investments. . . . .
Miscellaneous . . . . .

Total general revenues . . . . .

Change in net position . . . . .

**Net position at beginning of year (restated) . .**

**Net position at end of year . . . . .**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**Net (Expense) Revenue and Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (4,401,635)	\$ -	\$ (4,401,635)
(5,083,223)	-	(5,083,223)
(37,309)	-	(37,309)
(3,396,288)	-	(3,396,288)
(35,639)	-	(35,639)
(2,909,584)	-	(2,909,584)
(196,798)	-	(196,798)
(630,510)	-	(630,510)
(273,292)	-	(273,292)
<u>(16,964,278)</u>	<u>-</u>	<u>(16,964,278)</u>
-	1,271,523	1,271,523
-	277,306	277,306
-	399,886	399,886
<u>-</u>	<u>1,948,715</u>	<u>1,948,715</u>
<u>(16,964,278)</u>	<u>1,948,715</u>	<u>(15,015,563)</u>
772,089	-	772,089
1,285,687	-	1,285,687
110,000	-	110,000
10,110,310	-	10,110,310
1,719,143	-	1,719,143
270,484	-	270,484
(30,230)	-	(30,230)
391,938	31,750	423,688
<u>14,629,421</u>	<u>31,750</u>	<u>14,661,171</u>
(2,334,857)	1,980,465	(354,392)
<u>10,578,782</u>	<u>20,085,241</u>	<u>30,664,023</u>
<u>\$ 8,243,925</u>	<u>\$ 22,065,706</u>	<u>\$ 30,309,631</u>

**CITY OF TALLMADGE, OHIO**

*BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2018*

	<b>General</b>	<b>Fire/EMS Levy</b>	<b>Street Maintenance and Repair</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . .	\$ 6,725,916	\$ 453,757	\$ 928,793
Receivables:			
Income taxes. . . . .	2,349,940	-	-
Real and other taxes . . . . .	838,253	1,360,668	-
Accounts. . . . .	35,035	63,585	-
Interfund loans. . . . .	46,000	-	-
Accrued interest . . . . .	59,788	-	-
Special assessments . . . . .	-	-	-
Intergovernmental . . . . .	497,439	92,436	429,823
Materials and supplies inventory. . . . .	81,792	-	224,824
Prepayments . . . . .	87,396	24,546	27,106
Total assets . . . . .	<u>\$ 10,721,559</u>	<u>\$ 1,994,992</u>	<u>\$ 1,610,546</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	\$ 240,184	\$ 13,219	\$ 25,749
Accrued wages and benefits payable . . . . .	174,701	123,440	29,574
Compensated absences payable . . . . .	48,180	-	-
Interfund loans payable. . . . .	-	-	-
Intergovernmental payable . . . . .	173,178	49,968	16,254
Total liabilities . . . . .	<u>636,243</u>	<u>186,627</u>	<u>71,577</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year. . .	812,696	1,319,107	-
Delinquent property tax revenue not available. .	25,557	41,561	-
Accrued interest not available . . . . .	43,277	-	-
Special assessments revenue not available. . . .	-	-	-
Income tax revenue not available . . . . .	912,221	-	-
Intergovernmental nonexchange transactions . .	267,400	92,436	285,333
Total deferred inflows of resources . . . . .	<u>2,061,151</u>	<u>1,453,104</u>	<u>285,333</u>
<b>Fund balances (see Note 19):</b>			
Nonspendable . . . . .	169,188	24,546	251,930
Restricted. . . . .	-	330,715	1,001,706
Committed . . . . .	-	-	-
Assigned . . . . .	1,005,745	-	-
Unassigned (deficit). . . . .	6,849,232	-	-
Total fund balances. . . . .	<u>8,024,165</u>	<u>355,261</u>	<u>1,253,636</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$ 10,721,559</u>	<u>\$ 1,994,992</u>	<u>\$ 1,610,546</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 522,157	\$ 8,630,623
-	2,349,940
119,754	2,318,675
-	98,620
-	46,000
-	59,788
180,000	180,000
43,350	1,063,048
-	306,616
1,261	140,309
<u>\$ 866,522</u>	<u>\$ 15,193,619</u>
\$ 1,817	\$ 280,969
1,429	329,144
-	48,180
46,000	46,000
46,958	286,358
<u>96,204</u>	<u>990,651</u>
116,103	2,247,906
3,651	70,769
-	43,277
180,000	180,000
-	912,221
33,257	678,426
<u>333,011</u>	<u>4,132,599</u>
1,261	446,925
320,994	1,653,415
106,741	106,741
24,851	1,030,596
(16,540)	6,832,692
<u>437,307</u>	<u>10,070,369</u>
<u>\$ 866,522</u>	<u>\$ 15,193,619</u>

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**CITY OF TALLMADGE, OHIO**

*RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2018*

<b>Total governmental fund balances</b>		\$	10,070,369
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			26,825,674
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Income taxes receivable	\$	912,221	
Delinquent property taxes receivable		70,769	
Intergovernmental receivable		678,426	
Special assessments receivable		180,000	
Accrued interest receivable		43,277	
Total		1,884,693	1,884,693
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(20,018)
Unamortized deferred amounts on refundings are not recognized in the governmental funds.			53,998
Unamortized premiums (discounts) on bond issuances are not recognized in the funds.			(85,719)
The net pension asset and net pension liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.			
Net pension asset		4,205	
Deferred outflows of resources		2,774,851	
Deferred inflows of resources		(1,419,208)	
Net pension liability		(13,279,589)	
Total		(11,919,741)	(11,919,741)
The net OPEB liability is not available to pay for current period expenditures and is not due and payable in the current period, respectively; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows of resources		1,192,392	
Deferred inflows of resources		(318,078)	
Net OPEB liability		(11,132,434)	
Total		(10,258,120)	(10,258,120)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(951,776)	
General obligation bonds payable		(6,200,000)	
Special assessment bonds payable		(180,000)	
Capital lease payable		(975,435)	
Total		(8,307,211)	(8,307,211)
<b>Net position of governmental activities</b>		\$	8,243,925

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF TALLMADGE, OHIO**

*STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

	<u>General</u>	<u>Fire/EMS Levy</u>	<u>Street Maintenance and Repair</u>
<b>Revenues:</b>			
Property and other taxes . . . . .	\$ 774,765	\$ 1,293,999	\$ -
Municipal income taxes . . . . .	10,011,817	-	-
Intergovernmental. . . . .	1,457,672	202,005	1,034,779
Investment income. . . . .	253,113	-	1,035
Fines, licenses and permits. . . . .	296,455	-	-
Special assessments . . . . .	5,601	-	23,068
Charges for services. . . . .	1,863,683	432,560	108,180
Change in fair value of investments. . . . .	(30,230)	-	-
Miscellaneous . . . . .	391,938	113,402	114,559
Total revenues . . . . .	<u>15,024,814</u>	<u>2,041,966</u>	<u>1,281,621</u>
<b>Expenditures:</b>			
Current:			
General government . . . . .	4,244,912	-	-
Security of persons and property:			
Police . . . . .	3,905,168	-	-
Street lights . . . . .	37,309	-	-
Fire. . . . .	-	3,323,057	-
Public health and welfare. . . . .	-	-	85,639
Transportation . . . . .	399,201	-	1,757,026
Community environment . . . . .	181,118	-	-
Leisure time activity . . . . .	1,834,895	-	319,600
Capital outlay . . . . .	698,141	277,365	1,080,268
Debt service:			
Principal retirement. . . . .	22,006	76,557	188,099
Interest and fiscal charges . . . . .	2,540	2,189	12,476
Total expenditures . . . . .	<u>11,325,290</u>	<u>3,679,168</u>	<u>3,443,108</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>3,699,524</u>	<u>(1,637,202)</u>	<u>(2,161,487)</u>
<b>Other financing sources (uses):</b>			
Capital lease transaction. . . . .	-	191,034	379,063
Transfers in . . . . .	39,240	1,460,000	2,115,000
Transfers (out). . . . .	(4,866,304)	-	-
Total other financing sources (uses) . . . . .	<u>(4,827,064)</u>	<u>1,651,034</u>	<u>2,494,063</u>
Net change in fund balances . . . . .	(1,127,540)	13,832	332,576
<b>Fund balances at beginning of year . . . . .</b>	<u>9,151,705</u>	<u>341,429</u>	<u>921,060</u>
<b>Fund balances at end of year. . . . .</b>	<u>\$ 8,024,165</u>	<u>\$ 355,261</u>	<u>\$ 1,253,636</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 110,382	\$ 2,179,146
-	10,011,817
339,621	3,034,077
84	254,232
9,350	305,805
78,508	107,177
-	2,404,423
-	(30,230)
6,549	626,448
<u>544,494</u>	<u>18,892,895</u>
34,500	4,279,412
410,297	4,315,465
-	37,309
436	3,323,493
-	85,639
59,448	2,215,675
185,211	366,329
-	2,154,495
83,419	2,139,193
925,000	1,211,662
258,989	276,194
<u>1,957,300</u>	<u>20,404,866</u>
<u>(1,412,806)</u>	<u>(1,511,971)</u>
-	570,097
1,291,304	4,905,544
(39,240)	(4,905,544)
<u>1,252,064</u>	<u>570,097</u>
(160,742)	(941,874)
598,049	11,012,243
<u>\$ 437,307</u>	<u>\$ 10,070,369</u>

**CITY OF TALLMADGE, OHIO**

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018*

<b>Net change in fund balances - total governmental funds</b>		\$ (941,874)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.		
Capital asset additions	\$ 1,459,411	
Current year depreciation	<u>(1,774,769)</u>	
Total		(315,358)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(5,040)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	98,493	
Real and other taxes	(11,370)	
Intergovernmental revenues	22,095	
Fines, licenses and permits	148	
Special assessments	(75,000)	
Investment income	<u>17,371</u>	
Total		51,737
Capital lease transactions are reported as other financing sources in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.		
		(570,097)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		1,211,662
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due.		
Accrued interest payable	2,775	
Amortization of deferred amounts on refunding	(7,316)	
Amortization of bond premium	8,721	
Amortization of bond discount	<u>(1,278)</u>	
Total		2,902
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,255,294	
OPEB	<u>21,450</u>	
Total		1,276,744
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability are reported as pension expense in the statement of activities.		
Pension	(2,125,210)	
OPEB	<u>(923,952)</u>	
Total		(3,049,162)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>3,629</u>
<b>Change in net position of governmental activities</b>		<u><u>\$ (2,334,857)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF TALLMADGE, 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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property and other taxes . . . . .	\$ 780,074	\$ 784,230	\$ 774,765	\$ (9,465)
Municipal income taxes . . . . .	10,902,423	10,960,510	9,993,800	(966,710)
Intergovernmental. . . . .	1,259,869	1,266,581	1,465,395	198,814
Investment income. . . . .	145,226	146,000	237,943	91,943
Fines, licenses and permits . . . . .	420,451	422,691	345,946	(76,745)
Special assessments . . . . .	4,974	5,000	5,601	601
Charges for services. . . . .	1,837,013	1,846,800	1,887,797	40,997
Miscellaneous. . . . .	237,122	238,385	390,405	152,020
Total revenues . . . . .	<u>15,587,152</u>	<u>15,670,197</u>	<u>15,101,652</u>	<u>(568,545)</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	4,783,941	4,623,941	4,485,468	138,473
Security of persons and property . . . . .	4,187,427	4,163,052	4,052,871	110,181
Transportation . . . . .	412,033	434,033	392,157	41,876
Community environment . . . . .	243,510	213,510	196,938	16,572
Leisure time activity . . . . .	2,105,255	2,055,255	1,979,264	75,991
Capital outlay . . . . .	693,037	898,723	853,186	45,537
Total expenditures . . . . .	<u>12,425,203</u>	<u>12,388,514</u>	<u>11,959,884</u>	<u>428,630</u>
Excess of revenues over expenditures . . . . .	<u>3,161,949</u>	<u>3,281,683</u>	<u>3,141,768</u>	<u>(139,915)</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets. . . . .	995	1,000	1,533	533
Advances in . . . . .	96,983	97,500	97,500	-
Transfers in . . . . .	149,012	149,806	39,240	(110,566)
Transfers (out). . . . .	(4,574,000)	(4,866,304)	(4,866,304)	-
Total other financing sources (uses) . . . . .	<u>(4,327,010)</u>	<u>(4,617,998)</u>	<u>(4,728,031)</u>	<u>(110,033)</u>
Net change in fund balances . . . . .	(1,165,061)	(1,336,315)	(1,586,263)	(249,948)
<b>Fund balance at beginning of year. . . . .</b>	7,031,657	7,031,657	7,031,657	-
<b>Prior year encumbrances appropriated . . . . .</b>	512,289	512,289	512,289	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 6,378,885</u>	<u>\$ 6,207,631</u>	<u>\$ 5,957,683</u>	<u>\$ (249,948)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF TALLMADGE, OHIO**

*STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FIRE/EMS LEVY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property and other taxes . . . . .	\$ 1,247,659	\$ 1,336,215	\$ 1,293,999	\$ (42,216)
Intergovernmental. . . . .	203,955	218,431	202,005	(16,426)
Charges for services. . . . .	373,490	400,000	422,878	22,878
Miscellaneous. . . . .	54,156	58,000	98,802	40,802
Total revenues . . . . .	<u>1,879,260</u>	<u>2,012,646</u>	<u>2,017,684</u>	<u>5,038</u>
<b>Expenditures:</b>				
Current:				
Security of persons and property . . . . .	3,256,240	3,457,171	3,412,183	44,988
Capital outlay . . . . .	167,480	167,480	165,077	2,403
Total expenditures . . . . .	<u>3,423,720</u>	<u>3,624,651</u>	<u>3,577,260</u>	<u>47,391</u>
Excess of expenditures over revenues . . . . .	<u>(1,544,460)</u>	<u>(1,612,005)</u>	<u>(1,559,576)</u>	<u>52,429</u>
<b>Other financing sources:</b>				
Sale of capital assets. . . . .	-	-	14,600	14,600
Transfers in . . . . .	1,363,240	1,460,000	1,460,000	-
Total other financing sources . . . . .	<u>1,363,240</u>	<u>1,460,000</u>	<u>1,474,600</u>	<u>14,600</u>
Net change in fund balances . . . . .	(181,220)	(152,005)	(84,976)	67,029
<b>Fund balance at beginning of year. . . . .</b>	360,426	360,426	360,426	-
<b>Prior year encumbrances appropriated . . . . .</b>	103,862	103,862	103,862	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 283,068</u>	<u>\$ 312,283</u>	<u>\$ 379,312</u>	<u>\$ 67,029</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF TALLMADGE, OHIO**

*STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
STREET MAINTENANCE AND REPAIR FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 1,025,539	\$ 1,054,240	\$ 1,057,630	\$ 3,390
Investment income . . . . .	632	650	1,035	385
Special assessments . . . . .	11,673	12,000	23,068	11,068
Charges for services. . . . .	59,339	61,000	108,180	47,180
Miscellaneous. . . . .	61,285	63,000	84,080	21,080
Total revenues . . . . .	<u>1,158,468</u>	<u>1,190,890</u>	<u>1,273,993</u>	<u>83,103</u>
<b>Expenditures:</b>				
Current:				
Public health and welfare. . . . .	104,002	104,002	87,834	16,168
Transportation . . . . .	2,110,044	2,210,044	2,049,287	160,757
Leisure time activity . . . . .	369,877	359,877	335,505	24,372
Capital outlay . . . . .	964,629	964,629	930,733	33,896
Total expenditures . . . . .	<u>3,548,552</u>	<u>3,638,552</u>	<u>3,403,359</u>	<u>235,193</u>
Excess of expenditures over revenues . . . . .	<u>(2,390,084)</u>	<u>(2,447,662)</u>	<u>(2,129,366)</u>	<u>318,296</u>
<b>Other financing sources:</b>				
Sale of capital assets. . . . .	-	-	30,479	30,479
Transfers in . . . . .	2,057,421	2,115,000	2,115,000	-
Total other financing sources. . . . .	<u>2,057,421</u>	<u>2,115,000</u>	<u>2,145,479</u>	<u>30,479</u>
Net change in fund balances . . . . .	(332,663)	(332,662)	16,113	348,775
<b>Fund balance at beginning of year. . . . .</b>	666,730	666,730	666,730	-
<b>Prior year encumbrances appropriated . . . . .</b>	127,908	127,908	127,908	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 461,975</u>	<u>\$ 461,976</u>	<u>\$ 810,751</u>	<u>\$ 348,775</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF TALLMADGE, OHIO**

*STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2018*

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer Operating</b>	<b>Water Operating</b>	<b>Storm Water</b>	<b>Total</b>
<b>Assets:</b>				
Current assets:				
Equity in pooled cash and cash equivalents . . . . .	\$ 2,924,830	\$ 3,325,544	\$ 274,105	\$ 6,524,479
Receivables:				
Accounts . . . . .	1,582,718	690,846	128,280	2,401,844
Intergovernmental . . . . .	20,746	-	-	20,746
Materials and supplies inventory . . . . .	29,809	29,809	-	59,618
Prepayments . . . . .	5,183	5,183	3,152	13,518
Total current assets . . . . .	<u>4,563,286</u>	<u>4,051,382</u>	<u>405,537</u>	<u>9,020,205</u>
Noncurrent assets:				
Net pension asset . . . . .	247	248	103	598
Capital assets:				
Nondepreciable capital assets . . . . .	113,841	154,291	388,837	656,969
Depreciable capital assets, net . . . . .	<u>3,873,324</u>	<u>6,425,253</u>	<u>5,093,972</u>	<u>15,392,549</u>
Total capital assets, net . . . . .	<u>3,987,165</u>	<u>6,579,544</u>	<u>5,482,809</u>	<u>16,049,518</u>
Total noncurrent assets . . . . .	<u>3,987,412</u>	<u>6,579,792</u>	<u>5,482,912</u>	<u>16,050,116</u>
Total assets . . . . .	<u>8,550,698</u>	<u>10,631,174</u>	<u>5,888,449</u>	<u>25,070,321</u>
<b>Deferred outflows of resources:</b>				
Pension . . . . .	70,615	71,220	28,248	170,083
OPEB . . . . .	13,069	13,123	6,059	32,251
Total deferred outflows of resources . . . . .	<u>83,684</u>	<u>84,343</u>	<u>34,307</u>	<u>202,334</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable . . . . .	33,135	33,600	-	66,735
Accrued wages and benefits payable . . . . .	9,553	9,588	4,998	24,139
Intergovernmental payable . . . . .	397,617	99,577	2,083	499,277
Compensated absences payable . . . . .	1,862	1,862	-	3,724
Current portion of OWDA loans payable . . . . .	-	114,194	-	114,194
Accrued interest payable . . . . .	-	23,580	-	23,580
Total current liabilities . . . . .	<u>442,167</u>	<u>282,401</u>	<u>7,081</u>	<u>731,649</u>
Long-term liabilities:				
Compensated absences payable . . . . .	5,791	5,791	-	11,582
OWDA loans payable . . . . .	-	1,177,801	-	1,177,801
Net pension liability . . . . .	260,155	261,228	108,704	630,087
Net OPEB liability . . . . .	173,902	174,620	72,664	421,186
Total long-term liabilities . . . . .	<u>439,848</u>	<u>1,619,440</u>	<u>181,368</u>	<u>2,240,656</u>
Total liabilities . . . . .	<u>882,015</u>	<u>1,901,841</u>	<u>188,449</u>	<u>2,972,305</u>
<b>Deferred inflows of resources:</b>				
Pension . . . . .	74,921	78,734	28,678	182,333
OPEB . . . . .	22,359	24,539	5,413	52,311
Total deferred inflows of resources . . . . .	<u>97,280</u>	<u>103,273</u>	<u>34,091</u>	<u>234,644</u>
<b>Net position:</b>				
Net investment in capital assets . . . . .	3,987,165	5,287,549	5,482,809	14,757,523
Unrestricted . . . . .	<u>3,667,922</u>	<u>3,422,854</u>	<u>217,407</u>	<u>7,308,183</u>
Total net position . . . . .	<u>\$ 7,655,087</u>	<u>\$ 8,710,403</u>	<u>\$ 5,700,216</u>	<u>\$ 22,065,706</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF TALLMADGE, OHIO**

*STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer Operating</b>	<b>Water Operating</b>	<b>Storm Water</b>	<b>Total</b>
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ 4,743,261	\$ 2,182,363	\$ 349,661	\$ 7,275,285
Other operating revenues . . . . .	12,138	18,206	1,406	31,750
Total operating revenues. . . . .	<u>4,755,399</u>	<u>2,200,569</u>	<u>351,067</u>	<u>7,307,035</u>
<b>Operating expenses:</b>				
Personal services . . . . .	373,024	379,554	163,238	915,816
Contract services. . . . .	2,965,016	1,192,651	72,881	4,230,548
Materials and supplies. . . . .	121,447	78,570	15,839	215,856
Depreciation. . . . .	222,602	322,732	202,499	747,833
Other . . . . .	33,875	68,946	86	102,907
Total operating expenses. . . . .	<u>3,715,964</u>	<u>2,042,453</u>	<u>454,543</u>	<u>6,212,960</u>
Operating income (loss) . . . . .	<u>1,039,435</u>	<u>158,116</u>	<u>(103,476)</u>	<u>1,094,075</u>
<b>Nonoperating revenues (expenses):</b>				
Interest and fiscal charges. . . . .	-	(48,124)	-	(48,124)
Special assessments . . . . .	184	-	-	184
Total nonoperating revenues (expenses). . . . .	<u>184</u>	<u>(48,124)</u>	<u>-</u>	<u>(47,940)</u>
Income (loss) before capital contributions . . . . .	<u>1,039,619</u>	<u>109,992</u>	<u>(103,476)</u>	<u>1,046,135</u>
Capital contributions . . . . .	<u>244,042</u>	<u>185,520</u>	<u>504,768</u>	<u>934,330</u>
Change in net position . . . . .	1,283,661	295,512	401,292	1,980,465
<b>Net position at beginning of year (restated) . . . . .</b>	<u>6,371,426</u>	<u>8,414,891</u>	<u>5,298,924</u>	<u>20,085,241</u>
<b>Net position at end of year . . . . .</b>	<u>\$ 7,655,087</u>	<u>\$ 8,710,403</u>	<u>\$ 5,700,216</u>	<u>\$ 22,065,706</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF TALLMADGE, OHIO**

*STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer Operating</b>	<b>Water Operating</b>	<b>Storm Water</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>				
Cash received from customers. . . . .	\$ 4,443,902	\$ 2,045,338	\$ 315,922	\$ 6,805,162
Cash received from other operations. . . . .	12,138	18,206	1,406	31,750
Cash payments for personal services . . . . .	(339,117)	(347,227)	(149,387)	(835,731)
Cash payments for contractual services . . . . .	(3,471,160)	(1,173,968)	(73,359)	(4,718,487)
Cash payments for materials and supplies. . . . .	(121,447)	(78,570)	(15,839)	(215,856)
Cash payments for other expenses. . . . .	(33,875)	(68,946)	(86)	(102,907)
Net cash provided by operating activities. . . . .	490,441	394,833	78,657	963,931
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets. . . . .	(25,298)	(1,652)	-	(26,950)
Special assessments . . . . .	2,048	-	-	2,048
Principal retirement on OWDA loans . . . . .	-	(109,920)	-	(109,920)
Interest and fiscal charges . . . . .	-	(50,033)	-	(50,033)
Net cash used in capital and related financing activities. . . . .	(23,250)	(161,605)	-	(184,855)
Net increase in cash and cash equivalents . . . . .	467,191	233,228	78,657	779,076
<b>Cash and cash equivalents at beginning of year . . .</b>	<b>2,457,639</b>	<b>3,092,316</b>	<b>195,448</b>	<b>5,745,403</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b>\$ 2,924,830</b>	<b>\$ 3,325,544</b>	<b>\$ 274,105</b>	<b>\$ 6,524,479</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss) . . . . .	\$ 1,039,435	\$ 158,116	\$ (103,476)	\$ 1,094,075
Adjustments:				
Depreciation . . . . .	222,602	322,732	202,499	747,833
Changes in assets and liabilities:				
(Increase) in accounts receivable. . . . .	(299,359)	(137,025)	(33,739)	(470,123)
(Increase) decrease in prepayments . . . . .	797	797	(666)	928
Decrease in net pension asset. . . . .	92	98	26	216
Decrease in deferred outflows - pension . . . . .	98,901	102,483	31,375	232,759
(Increase) in deferred outflows - OPEB. . . . .	(10,404)	(10,400)	(5,047)	(25,851)
Increase (decrease) in accounts payable . . . . .	28,330	18,240	(478)	46,092
Increase in accrued wages and benefits . . . . .	1,097	1,100	591	2,788
Increase (decrease) in intergovernmental payable. . . . .	(534,324)	656	162	(533,506)
(Decrease) in compensated absences payable . . . . .	(3,161)	(3,160)	-	(6,321)
(Decrease) in net pension liability. . . . .	(145,793)	(153,859)	(45,364)	(345,016)
Increase (decrease) in net OPEB liability . . . . .	(1,706)	(4,799)	5,977	(528)
Increase in deferred inflows - pension. . . . .	71,575	75,315	21,384	168,274
Increase in deferred inflows - OPEB . . . . .	22,359	24,539	5,413	52,311
Net cash provided by operating activities . . . . .	\$ 490,441	\$ 394,833	\$ 78,657	\$ 963,931

**Non-Cash Transactions:**

The Sewer Operating fund received \$223,296 in capital contributions from developers during 2018.  
The Water Operating fund received \$185,520 in capital contributions from developers during 2018.  
The Storm Water fund received \$504,768 in capital contributions from developers during 2018.



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CITY OF TALLMADGE, OHIO

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
DECEMBER 31, 2018

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	<u>Private-Purpose Trust</u>	<u>Agency</u>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 35,504	\$ 639,005
Receivables:		
Income taxes. . . . .	-	148,293
Accrued interest . . . . .	136	783
	<u>35,640</u>	<u>788,081</u>
Total assets . . . . .	<u>35,640</u>	<u>788,081</u>
<b>Liabilities:</b>		
Deposits held and due to others . . . . .	-	788,081
	<u>-</u>	<u>788,081</u>
Total liabilities. . . . .	<u>-</u>	<u>\$ 788,081</u>
<b>Net position:</b>		
Held in trust . . . . .	<u>35,640</u>	
Total net position . . . . .	<u>\$ 35,640</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF TALLMADGE, OHIO**

*STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018*

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	<u>Private-Purpose Trust</u>
<b>Additions:</b>	
Investment income. . . . .	\$ 612
Change in fair value of investments . . . . .	(68)
Gifts and contributions. . . . .	135
Total additions . . . . .	<u>679</u>
<b>Deductions:</b>	
Intergovernmental . . . . .	<u>1,134</u>
Total deductions. . . . .	<u>1,134</u>
Change in net position . . . . .	(455)
<b>Net position at beginning of year. . . . .</b>	<u>36,095</u>
<b>Net position at end of year . . . . .</b>	<u>\$ 35,640</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

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**NOTE 1 - DESCRIPTION OF THE CITY**

The City of Tallmadge, Ohio (the “City”) was incorporated as a village in 1936 and became a city in 1951. The City is a charter municipal corporation, incorporated under the laws of the State of Ohio. The City operates under a Mayor-Council form of government. The Mayor, Council, Finance Director and Law Director are elected.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City, this includes police and fire protection, parks and recreation, water, sewer and storm water service, street maintenance and repairs and general administrative services.

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

The City participates in the Akron Metropolitan Area Transportation Study, the Brimfield Township-City of Tallmadge Joint Economic Development District and the Regional Income Tax Agency. These jointly governed organizations are discussed in Note 16 of the basic financial statements.

**B. Basis of Presentation - Fund Accounting**

The City’s BFS consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

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

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CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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 for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Interfund services provided and used are not eliminated in the process of consolidation. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues 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 business segment or governmental function is self-financing or draws from the general revenues of the City.

**Fund Financial Statements** - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's proprietary funds are charges for services. Operating expenses for the enterprise funds include personnel and other expenses related to sewer, water and storm water operations. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The agency funds do not report a measurement focus as they do not report operations.

**C. 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 purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

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CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Fire/EMS levy fund - The fire/emergency medical service levy fund accounts for property tax collections received through a permanent tax levy. An additional source of significant revenue is charges for services. Expenditures are for the operations of the fire and emergency medical service programs, staff and capital expenditures.

Street maintenance and repair fund - The street maintenance and repair fund is required by Ohio Revised Code to account for the portion of the State gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.

Other governmental funds of the City are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted or assigned to expenditures for principal and interest on debt.

**Proprietary Funds** - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The City has no internal service funds.

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:

Sewer operating fund - The sewer operating fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

Water operating fund - The water operating fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the City.

Storm water fund - The storm water fund accounts for the provision of storm water drainage runoff service to the residents and commercial users located within the City.

**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's only trust fund is a private-purpose trust fund established to account for monies to benefit indigent and needy citizens of Tallmadge. The portion representing the principal amount of the trust fund is non-expendable. The City's agency funds are a revolving fund used to account for refundable deposits, a fund used to account for fire repair and removal, and a fund used to account for the administering and collection of income taxes related to the Joint Economic Development District.

**D. Measurement Focus**

**Government-Wide Financial Statements** - The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets and all non-fiduciary liabilities associated with the operation of the City are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

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CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

***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 financial 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 all liabilities associated with the operation of these funds are included on the statement of net position. The statement of 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 private-purpose trust fund is reported using the economic resources measurement focus.

**E. 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. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the 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 outflows of resources, and in the presentation of expenses versus expenditures.

***Revenues - Exchange and Nonexchange Transactions*** - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are 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.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 6). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income tax, State-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, interest, and grants.

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CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Deferred Outflows of Resources and Deferred Inflows of Resources* - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents 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, see Notes 12 and 13 for deferred outflows of resources related the City's net pension liability and net OPEB liability, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for 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 as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance 2019 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the City, See Notes 12 and 13 for deferred inflows of resources related to the City's net pension liability and net OPEB liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

*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.

**F. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the alternative tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control at which expenditures cannot exceed appropriations is at the personnel and operating level by program within the general fund and at the personnel and operating level for all other funds of the City. Capital items such as capital equipment are budgeted on a program or line item basis as specified by City Council legislatively. Any budget modifications at these levels may only be made through an ordinance of Council. Budgetary statements presented beyond the legal level of control are for information purposes only.

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources requested prior to the beginning of the year. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by Council.

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

**G. Cash and Investments**

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

During 2018, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), negotiable and nonnegotiable certificates of deposit (CDs), a U.S. Government money market mutual fund, commercial paper, a U.S. Treasury note, Federal Farm Credit Bank (FFCB) securities, Fannie Mae (FNMA) securities, and Federal Home Loan Mortgage Corporation (FHLMC) securities. Investments are reported at fair value, except for nonnegotiable certificates of deposit, which are reported at cost. Fair value is based on quoted market prices.

The City invested in STAR Ohio during 2018. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2018 amounted to \$253,113, which includes \$131,329 assigned from other City funds.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents.

An analysis of the City's investment account at year end is provided in Note 4.



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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**H. Materials and Supplies Inventory**

Inventories are presented at cost on a first-in, first-out basis and are expensed/expensed at the time of acquisition. Inventory consists of expendable supplies.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds.

**I. Capital Assets**

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

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 values as of the date received. The City maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

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

Buildings and improvements	25 - 80
Equipment	3 - 25
Infrastructure	25 - 60

The City's infrastructure consists of a streets subsystem, storm water subsystem, and water and sewer lines.

**J. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees wage rates at year end, taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for non-bargaining employees at retirement age or employees with greater than twenty years of service or age fifty with ten years of service with the City. The City records a liability for accumulated unused sick leave for bargaining employees at retirement age or employees with ten years of service with the City.

**K. Prepaid Items**

Payments made to vendors for services that will benefit beyond December 31, 2018, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditures/expense in the year in which the services are consumed.

On the fund financial statements, reported prepayments are equally offset by a nonspendable fund balance in the governmental funds.

**L. Accrued Liabilities and Long-Term Obligations**

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

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

**M. Unamortized Bond Premiums and Discounts/Accounting Gain or Loss**

Bond premiums and discounts are amortized over the term of the bonds using the straight-line method. Bond premiums are presented as an addition to the face amount of the bonds. Bond discounts are presented as a reduction to the face amount of the bonds.

For advance refunding resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources.

On the governmental fund financial statements, bond premiums, bond discounts, and deferred charges from refunding are recognized in the current period.

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**N. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**O. Interfund Activity**

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**P. Minimum Fund Balance Policy**

The City has implemented a minimum fund balance policy to take a proactive approach to financial management in the City. The minimum fund balance policy assists the City in maintaining the security of major operating funds and contributes to the financial stability of the City by maintaining adequate financial reserves. Also, the minimum fund balance policy allows administration and City Council to recognize and react to warning indicators of financial stress and set guidelines for proactive measures. City council approved the policy on April 28, 2005. The policy requires the general fund, sewer operating fund and water operating fund carry a minimum fund balance of 25 percent of operating appropriations. The policy also requires the Fire/EMS levy fund and street maintenance and repair fund carry a smaller minimum fund balance of 8.5 percent of operating appropriations.

**Q. 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 for sewer, water, and storm water utility programs. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activity of the funds. All revenues and expenses not meeting these definitions are reported as non-operating.

**R. 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. The City did not have any extraordinary or special items transactions during 2018.

**S. Fund Balance**

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

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CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

*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 Council (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the 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 Council. In the general fund, assigned amounts represent intended uses established by City Council or ordinance or by State statute. State statute authorizes the finance director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

The City applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

**T. Contributions of Capital**

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction and from contributions from governmental funds. During 2018, the sewer operating fund, the water operating fund and the storm water fund received contributions of capital in the amount of \$223,296, \$185,520 and \$504,768 respectively from developers and the sewer operating fund received \$20,746 from the Ohio Public Works Commission.

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CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**U. Net Position**

Net position represents the difference between assets plus deferred outflows of resources less liabilities less deferred inflows of resources. 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 the use of resources either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**V. Pensions/Other Postemployment Benefits (OPEB)**

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

**W. Estimates**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the BFS and accompanying notes. Actual results may differ from those estimates.

**X. Fair Value Measurements**

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.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles/Restatement of Net Position**

For fiscal year 2018, the City has implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", GASB Statement No. 85, "Omnibus 2017" and GASB Statement No. 86, "Certain Debt Extinguishments".

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 effected the City's postemployment benefit plan disclosures, as presented in Note 13 to the basic financial statements, and added required supplementary information which is presented after the notes to the basic financial statements.

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the City.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the City.

A net position restatement is required in order to implement GASB Statement No 75. The governmental activities at January 1, 2018 have been restated as follows:

	Governmental Activities
Net position as previously reported	\$ 19,934,400
Deferred outflows - payments subsequent to measurement date	57,803
Net OPEB liability	(9,413,421)
Restated net position at January 1, 2018	\$ 10,578,782

A net position restatement is required in order to implement GASB Statement No 75. The business-type activities at January 1, 2018 have been restated as follows:

	Sewer Operating Fund	Water Operating Fund	Storm Water Fund	Total Business-type Activities
Net position as previously reported	\$ 6,544,369	\$ 8,591,587	\$ 5,364,599	\$ 20,500,555
Deferred outflows - payments subsequent to measurement date	2,665	2,723	1,012	6,400
Net OPEB liability	(175,608)	(179,419)	(66,687)	(421,714)
Restated net position at January 1, 2018	\$ 6,371,426	\$ 8,414,891	\$ 5,298,924	\$ 20,085,241

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

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**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Deficit Fund Balances**

Fund balances at December 31, 2018 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Police Pension	\$ 14,719
Abandoned Gas Station Cleanup Grant	1,821

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**NOTE 4 - 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 not required for use within the current five year period of designation of depositories as defined by the City's investment policy. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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 treasurer 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. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items 1 or 2 above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAR Ohio).

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds and other obligations guaranteed by the United States;
2. Discount notes of the Federal National Mortgage Association;
3. Bonds of the State of Ohio; and,
4. Bonds of any municipal corporation, village, county, township, or other political subdivision of Ohio, as to which there is no default of principal, interest or coupons.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City and must be purchased with the expectation that it will be held to maturity.

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

**A. Deposits with Financial Institutions**

At December 31, 2018, the carrying amount of all City deposits was \$5,668,469 and the bank balance of all City deposits was \$5,838,990. Of the bank balance, \$4,500,000 was covered by the FDIC and \$1,338,990 was covered by the Ohio Pooled Collateral System (OPCS) as discussed below.

Custodial credit risk 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. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2018, the City's financial institution was approved for a reduced collateral rate through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.



**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**B. Investments**

As of December 31, 2018, the City had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement <u>Amount</u>	<u>Investment Maturity</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
<i>Amortized cost:</i>						
STAR Ohio	\$ 5,048,699	\$ 5,048,699	\$ -	\$ -	\$ -	\$ -
<i>Fair value:</i>						
U.S. Government money market	20,146	20,146	-	-	-	-
Commercial paper	2,042,331	2,042,331	-	-	-	-
Negotiable CDs	721,881	246,296	-	-	-	475,585
U.S. Treasury note	138,978	138,978	-	-	-	-
FFCB	345,639	-	345,639	-	-	-
FNMA	1,339,861	347,774	-	246,508	745,579	-
FHLMC	503,607	-	247,615	-	-	255,992
<b>Total</b>	<b>\$ 10,161,142</b>	<b>\$ 7,844,224</b>	<b>\$ 593,254</b>	<b>\$ 246,508</b>	<b>\$ 745,579</b>	<b>\$ 731,577</b>

The City's investments in the U.S. Government money market are valued using quoted market prices in active markets (Level 1 inputs). The City's investments in commercial paper, negotiable CDs, U.S. Treasury note, FFCB, FNMA, and FHLMC securities are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

*Interest Rate Risk:* The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The City's investment policy addresses interest rate risk by requiring the consideration of market conditions and cash flow requirements in determining the term of an investment.

*Credit Risk:* Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The investment in commercial paper carries ratings of P-1 by Moodys and A-1+ and A-1 by Standard & Poor's. The investment in U.S. Treasury note, FFCB, FNMA, and FHLMC securities carries ratings of Aaa by Moodys and AA+ by Standard & Poor's. The U.S. government money market and negotiable CDs were not rated. The negotiable CDs are covered by FDIC. The City's investment policy does not specifically address credit risk beyond requiring the City to only invest in securities authorized by State Statute.

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Concentration of Credit Risk:* The City's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific class of securities. The following table includes the percentage of investment type held by the City at December 31, 2018:

<u>Investment type</u>	<u>Measurement</u>	
	<u>Value</u>	<u>% to total</u>
STAR Ohio	\$ 5,048,699	49.69
U.S. Government money market	20,146	0.20
Commercial paper	2,042,331	20.10
Negotiable CDs	721,881	7.10
U.S. Treasury notes	138,978	1.37
FFCB	345,639	3.40
FNMA	1,339,861	13.19
FHLMC	503,607	4.96
Total	<u>\$ 10,161,142</u>	<u>100.00</u>

**C. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2018:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 5,668,469
Investments	<u>10,161,142</u>
Total	<u>\$ 15,829,611</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 8,630,623
Business type activities	6,524,479
Private-purpose trust fund	35,504
Agency funds	<u>639,005</u>
Total	<u>\$ 15,829,611</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Routine general fund transfers consist of \$1,460,000 to the fire/EMS levy special revenue fund, \$2,115,000 to the street maintenance and repair special revenue fund, \$914,000 to the bond retirement debt service fund, \$280,000 to the police pension special revenue, and \$65,000 to the general infrastructure reserve capital projects fund. The general fund also transferred \$20,000 and \$12,304 to the community development special revenue fund and north avenue improvement capital projects fund to finance the projects accounted for within the funds. The general fund received transfers of \$39,240 from the north avenue improvement capital projects fund to close out the project.

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

	<u>Transfer In</u>	<u>Transfer Out</u>
<u>Major funds</u>		
General	\$ 39,240	\$ 4,866,304
Fire/EMS levy	1,460,000	-
Street maintenance and repair	2,115,000	-
	3,614,240	4,866,304
<u>Nonmajor governmental funds</u>		
Community development	20,000	-
Police pension	280,000	-
Bond retirement	914,000	-
General infrastructure reserve	65,000	-
North avenue improvement	12,304	39,240
	1,291,304	39,240
Total	\$ 4,905,544	\$ 4,905,544

- B.** The interfund balances at December 31, 2018, as reported on the fund financial statements consist of the following interfund loan receivable/payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental fund: Abandoned gas station cleanup grant	\$ <u>46,000</u>

The primary purpose of the interfund loan is to cover expenditures in the abandoned gas station grant nonmajor special revenue fund. The interfund balance is expected to be repaid within the next year once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances between governmental funds at December 31, 2018, are reported on the statement of net position.

**NOTE 6 - RECEIVABLES**

Receivables at December 31, 2018, consisted primarily of municipal income taxes, property and other taxes, special assessments, accounts and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are deemed collectible in full.

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant.

Special assessments expected to be collected in more than one year amount to \$100,000 in the bond retirement fund. The City had no material outstanding delinquencies at December 31, 2018.

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

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**NOTE 6 - RECEIVABLES - (Continued)**

**A. Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value 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 revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and 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. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the County, including the City of Tallmadge. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, tangible personal property taxes and outstanding delinquencies which are measurable as of December 31, 2018 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by unearned revenue since the current taxes were not levied to finance 2018 operations and the collection of delinquent taxes has been offset by a deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is reported as a deferred inflow of resources.

The full tax rate for all City operations for the year ended December 31, 2018 was \$6.15 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2018 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural and commercial/industrial/mineral	\$ 408,929,660
<u>Public utility</u>	
Personal	<u>6,484,910</u>
Total assessed value	<u>\$ 415,414,570</u>

**B. Municipal Income Taxes**

The City levies a municipal income tax of 2 percent on all income earned within the City as well as on income of residents earned outside of the City. In the latter case, the City allows a credit of 100 percent on the income earned outside of the City and paid to another municipality. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are required to pay their estimated tax at least quarterly and file a final return annually.

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

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**NOTE 6 - RECEIVABLES - (Continued)**

Ohio law requires all City income tax rates above 1 percent to be voted by residents of the City. Additional increases in the income tax rate would require voter approval. The City, by ordinance, designates the income tax for capital outlay and general governmental operations for programs within the general fund.

In addition, the City receives income tax monies as the result of its agreement with Brimfield Township for a Joint Economic Development District (JEDD). Businesses within the JEDD currently pay a 1.25 percent income tax on all income earned within the JEDD and are required to withhold income tax on employee earnings and remit the tax to the City. The City is responsible for collection and administration of the income tax for the JEDD. The City is entitled to 55 percent of all income taxes collected from the JEDD and is required to contribute 5 percent of all income taxes collected to the JEDD Maintenance and Capital Improvement Fund maintained by the Township. The Township is entitled to the remaining 45 percent of all income taxes collected from the JEDD.

**C. Intergovernmental Receivables**

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental activities:</u>	<u>Amounts</u>
Local government	\$ 247,582
Homestead and rollback	157,655
JEDD income tax	181,248
Drug related fines	714
Recycle grant	17,537
Alcohol enforcement and education	148
Abandoned gas station clean up grant	1,821
Miscellaneous	11,542
Permissive tax	11,274
Auto license tax	96,702
Gas tax and municipal cents per gallon tax	<u>336,825</u>
Total	<u>\$ 1,063,048</u>

**NOTE 7 - TAX ABATEMENTS**

The County provides tax abatements through the Tallmadge Community Reinvestment Area (CRA). This program relates to the abatement of property taxes.

CRA - Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

**NOTE 7 - TAX ABATEMENTS - (Continued)**

The City has entered into agreements to abate property taxes through this CRA program. During 2018, the City's property tax revenues were reduced by \$35,214 as a result of these agreements.

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance			Balance
<b><u>Governmental activities:</u></b>	<u>12/31/17</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/18</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 3,441,199	\$ 23,340	\$ -	\$ 3,464,539
Right of ways	80,218	-	-	80,218
Construction in progress	<u>88,067</u>	<u>17,786</u>	<u>-</u>	<u>105,853</u>
Total capital assets, not being depreciated	<u>3,609,484</u>	<u>41,126</u>	<u>-</u>	<u>3,650,610</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	17,846,091	109,788	(1,422)	17,954,457
Equipment	9,242,958	979,781	(457,490)	9,765,249
Infrastructure - streets subsystem	<u>25,267,214</u>	<u>328,716</u>	<u>-</u>	<u>25,595,930</u>
Total capital assets, being depreciated	<u>52,356,263</u>	<u>1,418,285</u>	<u>(458,912)</u>	<u>53,315,636</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(8,195,155)	(495,099)	1,422	(8,688,832)
Equipment	(6,636,005)	(490,740)	452,450	(6,674,295)
Infrastructure - streets subsystem	<u>(13,988,515)</u>	<u>(788,930)</u>	<u>-</u>	<u>(14,777,445)</u>
Total accumulated depreciation	<u>(28,819,675)</u>	<u>(1,774,769)</u>	<u>453,872</u>	<u>(30,140,572)</u>
Total capital assets, being depreciated, net	<u>23,536,588</u>	<u>(356,484)</u>	<u>(5,040)</u>	<u>23,175,064</u>
Governmental activities capital assets, net	<u>\$ 27,146,072</u>	<u>\$ (315,358)</u>	<u>\$ (5,040)</u>	<u>\$ 26,825,674</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 179,604
Security of persons and property - police	113,656
Security of persons and property - fire	107,807
Public health and welfare	2,316
Transportation	999,804
Community environment	3,956
Leisure time activity	<u>367,626</u>
Total depreciation expense	<u>\$ 1,774,769</u>

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

**NOTE 8 - CAPITAL ASSETS - (Continued)**

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance			Balance
<u>Business-type activities:</u>	<u>12/31/17</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/18</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 375,519	\$ -	\$ -	\$ 375,519
Right of ways/easements	260,360	-	-	260,360
Construction in progress	<u>-</u>	<u>21,090</u>	<u>-</u>	<u>21,090</u>
Total capital assets, not being depreciated	<u>635,879</u>	<u>21,090</u>	<u>-</u>	<u>656,969</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	2,107,625	-	-	2,107,625
Equipment	1,523,654	5,860	(123,300)	1,406,214
Infrastructure				
Water lines	11,523,638	185,520	-	11,709,158
Sewer lines	9,160,132	223,296	-	9,383,428
Storm water subsystem	<u>7,204,073</u>	<u>504,768</u>	<u>-</u>	<u>7,708,841</u>
Total capital assets, being depreciated	<u>31,519,122</u>	<u>919,444</u>	<u>(123,300)</u>	<u>32,315,266</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(1,314,892)	(61,757)	-	(1,376,649)
Equipment	(1,196,134)	(62,148)	123,300	(1,134,982)
Infrastructure				
Water lines	(5,772,445)	(237,372)	-	(6,009,817)
Sewer lines	(5,594,834)	(184,850)	-	(5,779,684)
Storm water subsystem	<u>(2,419,879)</u>	<u>(201,706)</u>	<u>-</u>	<u>(2,621,585)</u>
Total accumulated depreciation	<u>(16,298,184)</u>	<u>(747,833)</u>	<u>123,300</u>	<u>(16,922,717)</u>
Total capital assets, being depreciated, net	<u>15,220,938</u>	<u>171,611</u>	<u>-</u>	<u>15,392,549</u>
Business-type activities capital assets, net	<u>\$ 15,856,817</u>	<u>\$ 192,701</u>	<u>\$ -</u>	<u>\$ 16,049,518</u>

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

Sewer operating	\$ 222,602
Water operating	322,732
Storm water	<u>202,499</u>
Total depreciation expense	<u>\$ 747,833</u>

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

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**NOTE 9 - CAPITAL LEASES**

In prior years, the City entered into capital leases for an ambulance, street equipment and copier equipment. During 2018, the City entered into new capital leases for an additional ambulance and street equipment. The capital leases for the ambulances will be paid out of the fire/EMS levy special revenue fund, the capital lease for copier equipment will be paid out of the general fund and the capital leases for the street equipment will be paid from the street maintenance and repair special revenue fund. Capital assets were capitalized at the present value of the minimum lease payments at the time the leases were entered into. Of the City's \$975,435 capital lease obligation outstanding at December 31, 2018, \$60,145 was related to equipment that was not capitalized, as a portion of the equipment leased under the 2018 copier equipment lease was below the capitalization threshold.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Assets:	
Equipment	\$ 1,526,903
Less: accumulated depreciation	<u>(238,338)</u>
Total	<u>\$ 1,288,565</u>

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2018:

<u>Year Ended</u>	<u>Governmental Activities</u>
2019	\$ 303,866
2020	265,978
2021	180,497
2022	106,446
2023	45,134
2024-2027	<u>180,534</u>
Total	1,082,455
Less: amount representing interest	<u>(107,020)</u>
Present value of net minimum lease payments	<u>\$ 975,435</u>



**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

**NOTE 10 - LONG-TERM OBLIGATIONS**

The interest rate, original issue amount and date of maturity of each of the City's bonds outstanding at December 31, 2018 are as follows:

	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Maturity Date</u>
<u>Special assessment bonds</u>			
2000 West avenue street improvement	6.000%	\$ 1,070,000	12/1/2020
<u>General obligation bonds</u>			
2001 City building improvement	4.725%	2,270,000	12/1/2021
2010 Recreation various purpose	3.762%	3,915,000	12/1/2030
2015 Recreation center refunding	2.493%	2,925,000	12/1/2031
2017 North avenue improvement	1.850%	825,000	5/1/2021

The long-term obligations at December 31, 2017, have been restated as described in Note 3.A to include the net OPEB liability. The changes in long-term obligations for business-type activities during the year were as follows:

	(Restated) Balance <u>12/31/17</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/18</u>	Amounts Due in <u>One Year</u>
<b>Business-type activities:</b>					
<u>OWDA loans</u>					
Northeast water system	\$ 990,754	\$ -	\$ (63,319)	\$ 927,435	\$ 66,297
South Avenue waterline	411,161	-	(46,601)	364,560	47,897
Tota OWDA loans	<u>1,401,915</u>	<u>-</u>	<u>(109,920)</u>	<u>1,291,995</u>	<u>114,194</u>
Net pension liability	975,103	-	(345,016)	630,087	-
Net OPEB liability	421,714	-	(528)	421,186	-
Compensated absences	21,627	3,724	(10,045)	15,306	3,724
Total business-type activities long-term obligations	<u>\$ 2,820,359</u>	<u>\$ 3,724</u>	<u>\$ (465,509)</u>	<u>\$ 2,358,574</u>	<u>\$ 117,918</u>

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

The long-term obligations at December 31, 2017, have been restated as described in Note 3.A to include the net OPEB liability. The changes in long-term obligations for governmental activities during the year were as follows:

	(Restated) Balance			Balance	Amounts
	<u>12/31/17</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/18</u>	<u>Due in One Year</u>
<b>Governmental activities:</b>					
<u>General obligation bonds</u>					
2001 City building improvement	\$ 615,000	\$ -	\$ (140,000)	\$ 475,000	\$ 150,000
2010 Storm water improvement refunding	175,000	-	(175,000)	-	-
2010 Recreation various improvement	2,815,000	-	(175,000)	2,640,000	180,000
2015 Recreation center refunding	2,620,000	-	(160,000)	2,460,000	160,000
2017 North avenue improvement	<u>825,000</u>	<u>-</u>	<u>(200,000)</u>	<u>625,000</u>	<u>205,000</u>
Total general obligation bonds	<u>7,050,000</u>	<u>-</u>	<u>(850,000)</u>	<u>6,200,000</u>	<u>695,000</u>
<u>Special assessment bonds</u>					
2000 West avenue street improvement	<u>255,000</u>	<u>-</u>	<u>(75,000)</u>	<u>180,000</u>	<u>80,000</u>
<u>Other long-term obligations</u>					
Capital lease	692,000	570,097	(286,662)	975,435	272,891
Net pension liability	15,252,056	-	(1,972,467)	13,279,589	-
Net OPEB liability	9,413,421	1,719,013	-	11,132,434	-
Compensated absences	<u>956,422</u>	<u>214,064</u>	<u>(170,530)</u>	<u>999,956</u>	<u>214,433</u>
Total governmental activities long-term obligations	<u>\$ 33,618,899</u>	<u>\$ 2,503,174</u>	<u>\$ (3,354,659)</u>	<u>\$ 32,767,414</u>	<u>\$ 1,262,324</u>
Add: Unamortized premium on bond issue				101,590	
Less: Unamortized discount on bond issue				<u>(15,871)</u>	
Total reported on statement of net position				<u>\$ 32,853,133</u>	

Special Assessment Bonds Payable:

West avenue street improvement is a twenty year assessed street improvement project and is paid from the bond retirement fund.

The special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners. In the event a property owner would fail to pay the assessment, payment would be made by the City.

OWDA Loans:

The City has entered into debt financing arrangements through the Ohio Water Development Authority (OWDA). The City has pledged future water revenues to repay the OWDA loans. The loans are payable solely from water fund revenues and are payable through 2029. Annual principal and interest payments on the Northeast water system loan is expected to require 30.78 percent of net revenues and 7.30 percent of total revenues. The total principal and interest remaining to be paid on the OWDA loans is \$1,561,242. Principal and interest paid for the current year was \$159,953, total net revenues were \$479,163 and total revenues were \$2,200,569.

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CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

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**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

2001 City Building Improvement Bonds Payable:

On August 1, 2001, the City issued \$2,270,000 in general obligation bonds for various permanent improvements to various City buildings. These bonds bear interest rates between 2.90 percent and 5.50 percent and mature on December 1, 2021.

2010 Storm Water Improvement Refunding Bonds Payable:

On May 27, 2010, the City issued storm water improvement general obligation refunding bonds. These bonds refunded the \$1,370,000 callable portion of the 1998 storm water improvement general obligation bond issue. These bonds were general obligations of the City, for which its full faith and credit was pledged for repayment, and matured December 1, 2018.

The reacquisition price exceeded the net carrying amount of the old debt by \$55,645. This amount was netted against the new debt and amortized over the remaining life of the refunded debt, which was equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next nine years by \$179,492. The unamortized deferred charges were reported as a deferred outflow of resources on the statement of net position.

2010 Recreation Various Improvement Bonds Payable:

On May 17, 2010, the City issued \$3,915,000 in general obligation bonds payable for recreation center permanent improvements. These bonds bear an interest rate of 3.762 percent and mature on December 1, 2030.

2015 Recreation Center Bonds Payable:

On June 18, 2015, the City issued general obligation bonds in the amount of \$2,925,000 to advance refund \$2,875,000 of the 2006 recreation bonds payable. These bonds bear interest rates ranging from 2.00 percent to 4.00 percent and mature on December 1, 2031. These bonds are general obligations of the City, for which its full faith and credit is pledged for repayment.

The reacquisition price exceeded the net carrying amount of the old debt by \$68,456. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next nine years by \$286,050. The unamortized deferred charges are reported as a deferred outflow of resources on the statement of net position.

2017 North Avenue Improvement Bonds Payable:

On April 26, 2017, the City issued \$825,000 in general obligation bonds payable for permanent improvements on North Avenue. These bonds bear an interest rate of 1.85% and mature on May 1, 2021.

Capital Lease Obligations:

Capital leases outstanding at December 31, 2018 includes the purchase of ambulances paid from the fire/EMS levy special revenue fund, copiers paid from the general fund, and street equipment paid from the street maintenance and repair special revenue fund. See Note 9 to the basic financial statements for detail.

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

Net Pension Liability Net OPEB Liability:

See Notes 12 and 13 to the basic financial statements for details on the net pension liability and net OPEB liability, respectively.

Compensated Absences:

Compensated absences will be paid from the general fund, fire/EMS levy fund, street maintenance and repair fund, and sewer and water operating funds.

As of December 31, 2018, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$37,042,662 (net of unamortized debt) and the unvoted legal debt margin was \$22,682,801. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2018 are as follows:

Year Ended	Governmental Activities					
	General Obligation Bonds			West Avenue Special Assessment		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 695,000	\$ 215,944	\$ 910,944	\$ 80,000	\$ 10,800	\$ 90,800
2020	720,000	195,031	915,031	100,000	6,000	106,000
2021	730,000	173,033	903,033			-
2022	375,000	152,065	527,065	-	-	-
2023	380,000	140,629	520,629	-	-	-
2024 - 2028	2,110,000	493,760	2,603,760	-	-	-
2029 - 2032	1,190,000	87,600	1,277,600	-	-	-
Total	<u>\$ 6,200,000</u>	<u>\$ 1,458,062</u>	<u>\$ 7,658,062</u>	<u>\$ 180,000</u>	<u>\$ 16,800</u>	<u>\$ 196,800</u>

Year Ended	Business-type Activities		
	OWDA Loan		
	Principal	Interest	Total
2019	\$ 114,194	\$ 46,176	\$ 160,370
2020	118,644	42,162	160,806
2021	123,276	37,985	161,261
2022	128,102	33,637	161,739
2023	133,127	29,113	162,240
2024 - 2028	569,667	77,012	646,679
2029	104,985	3,162	108,147
Total	<u>\$ 1,291,995</u>	<u>\$ 269,247</u>	<u>\$ 1,561,242</u>

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

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**NOTE 11 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2018, the City contracted with Selective Insurance of South Carolina for general liability, automobile, firefighters, errors and omissions, and law enforcement and public officials for the policy period covering January 1, 2018 through December 31, 2018. Travelers Insurance Company also covers buildings and contents and boiler and machinery. The City carries a \$2,000,000 general liability with \$1,000,000 occurrence, a \$1,000,000 automobile liability and a \$10,000,000 umbrella liability extending coverage on the general, automobile, police professional liability and public official's liability.

Selective Insurance of America insures dishonesty bonds for all necessary officials and other employees. The City carries an individual bond for the Director of Finance in the amount of \$250,000. In addition, the City carries \$1,000,000 employee dishonesty limit with \$50,000 faithful performance of duty.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

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

The City has elected to provide employee medical, prescription, dental and vision benefits through a health insurance consortium comprised of other public entities beginning on July 1, 2017. The Jefferson Health Plan is the consortium that administers the provision of medical, dental, vision, hospitalization, and prescription drug benefits for all claims incurred during membership in the Jefferson Health Plan. A third-party administrator contracted by the Jefferson Health Plan provides administrative services in connection with the processing and payment of claims. The City is responsible for the first \$75,000 in claims, the Jefferson Health Plan is responsible for cumulative claim payments up to a maximum reimbursement of \$1,425,000, and cumulative claim payments over \$1,500,000 are eligible for reimbursement from the Jefferson Health Plan's umbrella stop-loss policy, currently Sun Life. Fixed premiums for the calendar year are determined by the Jefferson Health Plan and paid to the third-party administrator.

**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

*Net Pension Liability/Asset*

The net pension liability/asset reported on the statement of net position represents a liability or asset 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/asset 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/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

GASB 68 assumes any net pension liability/asset 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.

***Plan Description - Ohio Public Employees Retirement System (OPERS)***

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS 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 Pension Plan.

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

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 Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

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**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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 3.00% 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 3.00%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 2.25% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

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**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

	<u>State and Local</u>
<b>2018 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
<b>2018 Actual Contribution Rates</b>	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	<u>0.0 %</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

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

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$634,959 for 2018. Of this amount, \$71,963 is reported as intergovernmental payable.

***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](http://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 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit.



**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF 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
<b>2018 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
<b>2018 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50 %	0.50 %
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$699,497 for 2018. Of this amount, \$82,962 is reported as intergovernmental payable.

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

The net pension liability and net pension asset for the OPERS Traditional Pension Plan, Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2017, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Following is information related to the proportionate share and pension expense:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.032327%	0.010802%	0.026841%	0.140297%	
Proportion of the net pension liability/asset current measurement date	<u>0.032215%</u>	<u>0.002889%</u>	<u>0.024953%</u>	<u>0.144291%</u>	
Change in proportionate share	<u>-0.000112%</u>	<u>-0.007913%</u>	<u>-0.001888%</u>	<u>0.003994%</u>	
Proportionate share of the net pension liability	\$ 5,053,909	\$ -	\$ -	\$ 8,855,767	\$ 13,909,676
Proportionate share of the net pension asset	-	(3,932)	(871)	-	(4,803)
Pension expense	1,132,630	635	(283)	1,127,623	2,260,605

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
<b>Deferred outflows of resources:</b>					
Differences between expected and actual experience	\$ 5,162	\$ -	\$ 1,697	\$ 134,392	\$ 141,251
Changes of assumptions	603,975	344	103	385,893	990,315
Changes in employer's proportionate percentage/difference between employer contributions	68,330	-	-	410,582	478,912
City contributions subsequent to the measurement date	<u>620,828</u>	<u>905</u>	<u>13,226</u>	<u>699,497</u>	<u>1,334,456</u>
Total deferred outflows of resources	<u>\$ 1,298,295</u>	<u>\$ 1,249</u>	<u>\$ 15,026</u>	<u>\$ 1,630,364</u>	<u>\$ 2,944,934</u>

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
<b>Deferred inflows of resources:</b>					
Differences between expected and actual experience	\$ 99,595	\$ 1,172	\$ -	\$ 16,020	\$ 116,787
Net difference between projected and actual earnings on pension plan investments	1,085,007	619	246	306,342	1,392,214
Changes in employer's proportionate percentage/ difference between employer contributions	36,182	-	-	56,358	92,540
Total deferred inflows of resources	<u>\$ 1,220,784</u>	<u>\$ 1,791</u>	<u>\$ 246</u>	<u>\$ 378,720</u>	<u>\$ 1,601,541</u>

\$1,334,456 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Year Ending December 31:					
2019	\$ 488,562	\$ (198)	\$ 194	\$ 295,480	\$ 784,038
2020	(108,253)	(215)	186	214,940	106,658
2021	(477,780)	(352)	155	(102,982)	(580,959)
2022	(445,846)	(338)	160	(28,762)	(474,786)
2023	-	(121)	234	140,929	141,042
Thereafter	-	(223)	625	32,542	32,944
Total	<u>\$ (543,317)</u>	<u>\$ (1,447)</u>	<u>\$ 1,554</u>	<u>\$ 552,147</u>	<u>\$ 8,937</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.

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CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

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**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

Wage inflation	3.25%
Future salary increases, including inflation COLA or ad hoc COLA	3.25% to 10.75% including wage inflation Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2018, then 2.15% simple
Investment rate of return	7.50%
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year 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.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82% for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS 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 2017 and the long-term expected real rates of return:

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.20 %
Domestic equities	19.00	6.37
Real estate	10.00	5.26
Private equity	10.00	8.97
International equities	20.00	7.88
Other investments	18.00	5.26
Total	<u>100.00 %</u>	<u>5.66 %</u>

**Discount Rate** - The discount rate used to measure the total pension liability/asset was 7.50%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table presents the City's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.50%, as well as what the City's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.50%) or one-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 8,974,455	\$ 5,053,909	\$ 1,785,355
Combined Plan	(2,138)	(3,933)	(5,171)
Member-Directed Plan	(499)	(871)	(1,248)

**Changes between Measurement Date and Report Date** - In October of 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City's net pension liability/asset is not known.

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CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

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**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Actuarial Assumptions - OP&F*

OP&F's total pension liability as of December 31, 2017 is based on the results of an actuarial valuation date of January 1, 2017, 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.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2017, are presented below. The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the investment rate of return from 8.25% to 8.00%, (b) projected salary increases decreased from 4.25% - 11.00% to 3.75% - 10.50%, (c) payroll increases decreased from 3.75% to 3.25%, (d) inflation assumptions decreased from 3.25% to 2.75% and (e) Cost of Living Adjustments (COLAs) decreased from 2.60% to 2.20%.

Valuation date	1/1/17 with actuarial liabilities rolled forward to 12/31/17
Actuarial cost method	Entry age normal
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25%
Inflation assumptions	2.75%
Cost of living adjustments	2.20% and 3.00% for increases based on the lesser of the increase in CPI and 3.00% 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 for the five-year period ended December 31, 2016. The recommended assumption changes based on this experience study were adopted by OP&F's Board and were effective beginning with the January 1, 2017 actuarial valuation.

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 and Guidelines. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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, 2017 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	4.22 %	5.39 %
Non-US Equity	16.00	4.41	5.59
Private Markets	8.00	6.67	8.08
Core Fixed Income *	23.00	1.57	2.71
High Yield Fixed Income	7.00	2.94	4.71
Private Credit	5.00	6.93	7.26
U.S. Inflation Linked Bonds	17.00	0.98	2.52
Master Limited Partnerships	8.00	7.50	7.93
Real Assets	8.00	6.88	7.24
Private Real Estate	12.00	5.58	6.34
<b>Total</b>	<b>120.00 %</b>		

Note: assumptions are geometric.

\* levered 2x

\*\* numbers include inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** - The total pension liability/asset was calculated using the discount rate of 8.00%. A discount rate of 8.25% was used in the prior measurement period. 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 8.00%. 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/asset.

**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 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%), or one percentage point higher (9.00%) than the current rate.

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
City's proportionate share of the net pension liability	\$ 12,276,447	\$ 8,855,767	\$ 6,065,931

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CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

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**NOTE 13 - DEFINED BENEFIT OPEB PLANS**

*Net OPEB Liability*

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. OPEB are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the City's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB 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 these estimates 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 OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB 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 - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement 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.



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CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

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**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty 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 75. See OPERS' CAFR referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary. 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 percent 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 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

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

The City's contractually required contribution was \$5,290 for 2018. Of this amount, \$600 is reported as intergovernmental payable.

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

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

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**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

OP&F provides access to postretirement 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 Government Accounting Standards Board (GASB) Statement No. 75.

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

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

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

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

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. For 2018, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The City's contractually required contribution to OP&F was \$16,819 for 2018. Of this amount, \$1,995 is reported as intergovernmental payable.

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***Net OPEB Liabilities, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.031440%	0.140297%	
Proportion of the net OPEB liability current measurement date	<u>0.031110%</u>	<u>0.144291%</u>	
Change in proportionate share	<u>-0.000330%</u>	<u>0.003994%</u>	
Proportionate share of the net OPEB liability	\$ 3,378,317	\$ 8,175,303	\$ 11,553,620
OPEB expense	\$ 277,089	\$ 673,454	\$ 950,543

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

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred outflows of resources:</b>			
Differences between expected and actual experience	\$ 2,632	\$ -	\$ 2,632
Changes of assumptions	245,978	797,738	1,043,716
Changes in employer's proportionate percentage/ difference between employer contributions	597	155,589	156,186
City contributions subsequent to the measurement date	<u>5,290</u>	<u>16,819</u>	<u>22,109</u>
Total deferred outflows of resources	<u>\$ 254,497</u>	<u>\$ 970,146</u>	<u>\$ 1,224,643</u>

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

	OPERS	OP&F	Total
<b>Deferred inflows of resources:</b>			
Differences between expected and actual experience	\$ -	\$ 41,233	\$ 41,233
Net difference between projected and actual earnings on pension plan investments	251,662	53,814	305,476
Changes in employer's proportionate percentage/difference between employer contributions	23,680	-	23,680
Total deferred inflows of resources	\$ 275,342	\$ 95,047	\$ 370,389

\$22,109 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2019	\$ 44,907	\$ 119,894	\$ 164,801
2020	44,907	119,894	164,801
2021	(53,035)	119,894	66,859
2022	(62,914)	119,894	56,980
2023	-	133,345	133,345
Thereafter	-	245,359	245,359
Total	\$ (26,135)	\$ 858,280	\$ 832,145

***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.

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CITY OF TALLMADGE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

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

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

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of 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.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	<u>100.00 %</u>	<u>4.98 %</u>

**Discount Rate** A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

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

The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
City's proportionate share of the net OPEB liability	\$ 4,488,240	\$ 3,378,317	\$ 2,480,400

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 3,232,329	\$ 3,378,317	\$ 3,529,118

***Changes between Measurement Date and Report Date*** - In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City's net OPEB liability/asset is not known.

***Actuarial Assumptions - OP&F***

OP&F's total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

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

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

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

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

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017, are summarized below:



**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income*	20.00	2.37
Global Inflation Protected Securities*	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	<u>120.00 %</u>	

Note: Assumptions are geometric.

\*levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on 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 OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the net OPEB liability	\$ 10,219,256	\$ 8,175,303	\$ 6,602,611

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate*** Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

Year	Non-Medicare	Non-AARP	AARP	Rx Drug	Medicare Part B
2017	-0.47%	-2.50%	4.50%	-0.47%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	Current Health Care Trend Rate		
	1% Decrease	Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 6,350,740	\$ 8,175,303	\$ 10,634,250

***Changes between Measurement Date and Report Date*** - In March 2018, the OP&F Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. The impact to the City's net OPEB liability is not known.

**NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS**

**A. Compensated Absences**

City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

Vacation leave is earned at rates which vary depending upon length of service. For bargaining unit employees, current policy credits vacation leave on January 1 of each year for all full time employees. Vacation accumulation may not exceed four weeks accrual at year end, two weeks of which may be designated for future use. Any unused excess is eliminated from the employee's leave balance. For non-bargaining employees, current policy provides for the accrual and credit of vacation as it is earned. Non-bargaining employees may carry an accumulated balance of 280 hours at any given time. Additional vacation will not be accrued once the balance has reached 280 hours. In case of death, termination, lay-off, or retirement, an employee (or his estate) is paid for his unused vacation balance.

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

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**NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS - (Continued)**

Sick leave is earned at the rate of .0575 hours per hour of service. An employee may receive up to 50 percent of their accumulated sick leave, not to exceed a maximum of 150 days, upon retirement for all employees or upon termination for police and full-time firefighters with at least 7 years of service. Retirement and termination payments are calculated using the rate of pay at the date of separation.

**B. Life Insurance**

The City provides life insurance to its employees through MetLife.

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund, fire/EMS levy fund and street maintenance and repair fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned, committed, or restricted fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

	<b>Net Change in Fund Balance</b>		
	<u>General fund</u>	<u>Fire/EMS Levy</u>	<u>Street Maintenance and Repair</u>
Budget basis	\$ (1,586,263)	\$ (84,976)	\$ 16,113
Net adjustment for revenue accruals	(76,838)	24,282	7,628
Net adjustment for expenditure accruals	(155,085)	(176,353)	(157,791)
Net adjustment for other financing sources	(99,033)	176,434	348,584
Adjustment for encumbrances	<u>789,679</u>	<u>74,445</u>	<u>118,042</u>
GAAP basis	<u>\$ (1,127,540)</u>	<u>\$ 13,832</u>	<u>\$ 332,576</u>

**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS**

Brimfield Township - City of Tallmadge Joint Economic Development District (JEDD)

The City of Tallmadge entered into a contractual agreement effective January 1, 2004 with Brimfield Township to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the State of Ohio, the Counties of Summit and Portage, the City, the Township and the JEDD. The JEDD is administered by a five member Board of Directors consisting of one member representing the City and appointed by the Mayor, one member representing the Township and appointed by the Township Trustees, one member who is a business owner in the JEDD representing the business owners in the JEDD and appointed by the Township Trustees, one member who is a person employed within the JEDD and appointed by the Mayor with confirmation of City Council and one member selected by unanimous vote of all members appointed at the time. The City nor the Township have any fixed financial obligation set aside for administrative costs and expenses of the Board. The City is responsible for basic administrative costs of the Board. The Board of Directors has entered into an agreement to administer, collect and enforce the income tax on behalf of the JEDD with the City of Tallmadge. Upon termination of the contractual agreement, any property, assets and obligations of the JEDD shall be divided equally between the parties, except that any items of infrastructure constructed by or for any party shall be retained by that party.

Regional Income Tax Agency (RITA)

In 1971, 38 municipalities joined together to organize a Regional Council of Governments (RCOG) under the authority of Chapter 167 of the Ohio Revised Code to administer tax collection and enforcement concerns facing the cities and villages. The purpose of the RCOG is to foster cooperation between the municipalities through sharing facilities for their common benefit. This includes the establishment of a central collection facility for the purpose of administering the income tax laws of the various municipal corporations who are members of the RCOG and for the purpose of collecting income taxes on behalf of each member municipality, doing all things allowed by law to accomplish such purpose. The first official act of the RCOG was to form RITA. Today RITA serves as the income tax collection agency for 294 municipalities throughout the State of Ohio. The City began using RITA for its income tax collection services in December 2009.

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

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**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)**

Each member municipality appoints its own delegate to the RCOG, including electing members to the RITA Board of Trustees. Regardless of the population or tax collections of member municipalities, each member of the RCOG has an equal say in the operations of RITA.

Akron Metropolitan Area Transportation Study (AMATS)

The City participates in the Akron Metropolitan Area Transportation Study. This organization is responsible for fulfilling the area's continuous, cooperative and comprehensive transportation planning process. The AMATS service area consists of Summit, Portage, and Chippewa Township of Wayne County. AMATS is led by the AMATS Transportation Policy Committee. The City is a member of the 43 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 2018, the City contributed \$3,527 to the Akron Metropolitan Area Transportation Study, which represents the City's formula share.

**NOTE 17 - CONTRACTUAL COMMITMENTS**

On December 31, 2018, the City had a total of \$4,641,379 in contractual commitments to the City of Stow for dispatch services covering a multi-year period.

**NOTE 18 - CONTINGENCIES**

**A. Grants**

The City received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2018.

**B. Litigation**

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

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

**NOTE 19 - FUND BALANCE**

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

Fund balance	General	Fire/EMS Levy	Street Maintenance and Repair	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Materials and supplies inventory	\$ 81,792	\$ -	\$ 224,824	\$ -	\$ 306,616
Prepayments	<u>87,396</u>	<u>24,546</u>	<u>27,106</u>	<u>1,261</u>	<u>140,309</u>
Total nonspendable	<u>169,188</u>	<u>24,546</u>	<u>251,930</u>	<u>1,261</u>	<u>446,925</u>
Restricted:					
Security of persons and property					
Police	-	-	-	35,011	35,011
Fire	-	330,715	-	3,862	334,577
Transportation					
Street maintenance and repair	-	-	1,001,706		1,001,706
State highway	-	-	-	100,631	100,631
Community environment					
Community development	-	-	-	61,685	61,685
Capital outlay					
Tallmadge shooting range	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,805</u>	<u>119,805</u>
Total restricted	<u>-</u>	<u>330,715</u>	<u>1,001,706</u>	<u>320,994</u>	<u>1,653,415</u>
Committed:					
Capital outlay					
General infrastructure	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,741</u>	<u>106,741</u>
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,741</u>	<u>106,741</u>

- (Continued)

**CITY OF TALLMADGE, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

**NOTE 19 - FUND BALANCE - (Continued)**

- (Continued)

<u>Fund balance</u>	<u>General</u>	<u>Fire/EMS Levy</u>	<u>Street Maintenance and Repair</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assigned:					
General government					
Mayor/administration	\$ 31,345	\$ -	\$ -	\$ -	\$ 31,345
Finance director	29,993	-	-	-	29,993
Law director	28,201	-	-	-	28,201
Manager of information service	71,596	-	-	-	71,596
General administration	49,704	-	-	-	49,704
Miscellaneous	36,165	-	-	-	36,165
Security of persons and property					
Police	82,849	-	-	-	82,849
Leisure time activities	115,502	-	-	-	115,502
Community environment	11,783	-	-	-	11,783
Transportation	2,809	-	-	-	2,809
Capital outlay	155,046	-	-	-	155,046
Debt service	-	-	-	24,851	24,851
Subsequent year appropriations	<u>390,752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>390,752</u>
Total assigned	<u>1,005,745</u>	<u>-</u>	<u>-</u>	<u>24,851</u>	<u>1,030,596</u>
Unassigned	<u>6,849,232</u>	<u>-</u>	<u>-</u>	<u>(16,540)</u>	<u>6,832,692</u>
Total fund balances	<u>\$ 8,024,165</u>	<u>\$ 355,261</u>	<u>\$ 1,253,636</u>	<u>\$ 437,307</u>	<u>\$ 10,070,369</u>

**NOTE 21 - OTHER COMMITMENTS**

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 the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 614,993
Fire/EMS levy fund	68,452
Street maintenance and repair fund	102,013
Other governmental	<u>37,514</u>
Total	<u>\$ 822,972</u>

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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF TALLMADGE, OHIO**

*SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION*

*SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY/NET PENSION ASSET  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*LAST FIVE YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Traditional Plan:</i>					
City's proportion of the net pension liability	0.032215%	0.032327%	0.031015%	0.031214%	0.031214%
City's proportionate share of the net pension liability	\$ 5,053,909	\$ 7,340,912	\$ 5,372,189	\$ 3,764,757	\$ 3,679,724
City's covered payroll	\$ 4,259,954	\$ 4,047,733	\$ 3,888,100	\$ 3,841,117	\$ 3,806,762
City's proportionate share of the net pension liability as a percentage of its covered payroll	118.64%	181.36%	138.17%	98.01%	96.66%
Plan fiduciary net position as a percentage of the total pension liability	84.66%	77.25%	81.08%	86.45%	86.36%
<i>Combined Plan:</i>					
City's proportion of the net pension asset	0.002889%	0.010802%	0.019890%	0.018151%	0.018151%
City's proportionate share of the net pension asset	\$ 3,932	\$ 6,013	\$ 9,679	\$ 6,989	\$ 1,905
City's covered payroll	\$ 11,838	\$ 42,050	\$ 63,500	\$ 66,350	\$ 49,831
City's proportionate share of the net pension asset as a percentage of its covered payroll	33.22%	14.30%	15.24%	10.53%	3.82%
Plan fiduciary net position as a percentage of the total pension asset	137.28%	116.55%	116.90%	114.83%	104.56%
<i>Member Directed Plan:</i>					
City's proportion of the net pension asset	0.024953%	0.026841%	0.025557%	n/a	n/a
City's proportionate share of the net pension asset	\$ 871	\$ 112	\$ 98	n/a	n/a
City's covered payroll	\$ 136,760	\$ 139,337	\$ 180,653	n/a	n/a
City's proportionate share of the net pension asset as a percentage of its covered payroll	0.64%	0.08%	0.05%	n/a	n/a
Plan fiduciary net position as a percentage of the total pension asset	124.45%	103.40%	103.91%	n/a	n/a

Note: Information prior to 2014 was not available for the Traditional and Combined Plan and information prior to 2016 was not available for the Member Directed Plan. The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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**CITY OF TALLMADGE, OHIO**

*SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION*

*SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
OHIO POLICE AND FIRE (OP&F) PENSION FUND*

*LAST FIVE YEARS*

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	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	0.144291%	0.140297%	0.133898%	0.136079%	0.136079%
City's proportionate share of the net pension liability	\$ 8,855,767	\$ 8,886,247	\$ 8,613,720	\$ 7,049,465	\$ 6,627,479
City's covered payroll	\$ 3,202,777	\$ 2,962,276	\$ 2,775,815	\$ 2,780,230	\$ 2,627,275
City's proportionate share of the net pension liability as a percentage of its covered payroll	276.50%	299.98%	310.31%	253.56%	252.26%
Plan fiduciary net position as a percentage of the total pension liability	70.91%	68.36%	66.77%	72.20%	73.00%

Note: Information prior to 2014 was not unavailable. The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF TALLMADGE, OHIO**

*SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION*

*SCHEDULE OF CITY PENSION CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*LAST TEN YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 620,828	\$ 553,794	\$ 485,728	\$ 466,572
Contributions in relation to the contractually required contribution	<u>(620,828)</u>	<u>(553,794)</u>	<u>(485,728)</u>	<u>(466,572)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 4,434,486	\$ 4,259,954	\$ 4,047,733	\$ 3,888,100
Contributions as a percentage of covered payroll	14.00%	13.00%	12.00%	12.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 905	\$ 1,539	\$ 5,046	\$ 7,620
Contributions in relation to the contractually required contribution	<u>(905)</u>	<u>(1,539)</u>	<u>(5,046)</u>	<u>(7,620)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 6,464	\$ 11,838	\$ 42,050	\$ 63,500
Contributions as a percentage of covered payroll	14.00%	13.00%	12.00%	12.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 13,226	\$ 13,676	\$ 13,237	\$ 17,162
Contributions in relation to the contractually required contribution	<u>(13,226)</u>	<u>(13,676)</u>	<u>(13,237)</u>	<u>(17,162)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 132,260	\$ 136,760	\$ 139,337	\$ 180,653
Contributions as a percentage of covered payroll	10.00%	10.00%	9.50%	9.50%

Note: Information prior to 2010 was not available for the Combined Plan and information prior to 2015 was not available for the Member Directed Plan. The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 460,934	\$ 494,879	\$ 373,957	\$ 371,901	\$ 360,610	\$ 346,236
<u>(460,934)</u>	<u>(494,879)</u>	<u>(373,957)</u>	<u>(371,901)</u>	<u>(360,610)</u>	<u>(346,236)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,841,117	\$ 3,806,762	\$ 3,739,570	\$ 3,719,010	\$ 4,042,713	\$ 4,258,745
12.00%	13.00%	10.00%	10.00%	8.92%	8.13%
\$ 7,962	\$ 6,478	\$ 3,647	\$ 3,177	\$ 5,877	
<u>(7,962)</u>	<u>(6,478)</u>	<u>(3,647)</u>	<u>(3,177)</u>	<u>(5,877)</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ 66,350	\$ 49,831	\$ 45,874	\$ 39,962	\$ 60,650	
12.00%	13.00%	7.95%	7.95%	9.69%	

**CITY OF TALLMADGE, OHIO**

*SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION*

*SCHEDULE OF CITY PENSION CONTRIBUTIONS  
OHIO POLICE AND FIRE (OP&F) PENSION FUND*

*LAST TEN YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i>Police:</i>				
Contractually required contribution	\$ 384,145	\$ 362,218	\$ 344,157	\$ 322,516
Contributions in relation to the contractually required contribution	<u>(384,145)</u>	<u>(362,218)</u>	<u>(344,157)</u>	<u>(322,516)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,021,816	\$ 1,906,411	\$ 1,811,353	\$ 1,697,453
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
<i>Fire:</i>				
Contractually required contribution	\$ 315,352	\$ 304,646	\$ 270,467	\$ 253,415
Contributions in relation to the contractually required contribution	<u>(315,352)</u>	<u>(304,646)</u>	<u>(270,467)</u>	<u>(253,415)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,341,923	\$ 1,296,366	\$ 1,150,923	\$ 1,078,362
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 332,006	\$ 262,827	\$ 205,395	\$ 213,092	\$ 214,275	\$ 219,079
<u>(332,006)</u>	<u>(262,827)</u>	<u>(205,395)</u>	<u>(213,092)</u>	<u>(214,275)</u>	<u>(219,079)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,747,400	\$ 1,654,735	\$ 1,610,941	\$ 1,671,310	\$ 1,680,588	\$ 1,718,267
19.00%	15.88%	12.75%	12.75%	12.75%	12.75%
\$ 242,715	\$ 198,236	\$ 166,385	\$ 161,837	\$ 162,917	\$ 165,604
<u>(242,715)</u>	<u>(198,236)</u>	<u>(166,385)</u>	<u>(161,837)</u>	<u>(162,917)</u>	<u>(165,604)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,032,830	\$ 972,540	\$ 964,551	\$ 938,186	\$ 944,446	\$ 960,023
23.50%	20.38%	17.25%	17.25%	17.25%	17.25%

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**CITY OF TALLMADGE, OHIO**

*SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION*

*SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*LAST TWO YEARS*

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	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.031110%	0.031440%
City's proportionate share of the net OPEB liability	\$ 3,378,317	\$ 3,175,551
City's covered payroll	\$ 4,408,552	\$ 4,229,120
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	76.63%	75.09%
Plan fiduciary net position as a percentage of the total OPEB liability	54.14%	54.05%

Note: Information prior to 2017 was unavailable. The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



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**CITY OF TALLMADGE, OHIO**

*SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION*

*SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY  
OHIO POLICE AND FIRE (OP&F) PENSION FUND*

*LAST TWO YEARS*

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	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.144291%	0.140297%
City's proportionate share of the net OPEB liability	\$ 8,175,303	\$ 6,659,584
City's covered payroll	\$ 3,202,777	\$ 2,962,276
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	255.26%	224.81%
Plan fiduciary net position as a percentage of the total OPEB liability	14.13%	15.96%

Note: Information prior to 2017 was unavailable. The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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**CITY OF TALLMADGE, OHIO**

*SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION*

*SCHEDULE OF CITY OPEB CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*LAST TEN YEARS*

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	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 5,290	\$ 48,188	\$ 88,066	\$ 79,032
Contributions in relation to the contractually required contribution	<u>(5,290)</u>	<u>(48,188)</u>	<u>(88,066)</u>	<u>(79,032)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 4,573,210	\$ 4,408,552	\$ 4,229,120	\$ 4,132,253
Contributions as a percentage of covered payroll	0.12%	1.09%	2.08%	1.91%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 77,837	\$ 38,549	\$ 152,359	\$ 151,178	\$ 191,655	\$ 250,356
<u>(77,837)</u>	<u>(38,549)</u>	<u>(152,359)</u>	<u>(151,178)</u>	<u>(191,655)</u>	<u>(250,356)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,907,467	\$ 3,856,593	\$ 3,785,444	\$ 3,758,972	\$ 4,103,363	\$ 4,258,745
1.99%	1.00%	4.02%	4.02%	4.67%	5.88%

**CITY OF TALLMADGE, OHIO**

*SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION*

*SCHEDULE OF CITY OPEB CONTRIBUTIONS  
OHIO POLICE AND FIRE (OP&F) PENSION FUND*

*LAST TEN YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i>Police:</i>				
Contractually required contribution	\$ 10,110	\$ 9,532	\$ 9,057	\$ 8,717
Contributions in relation to the contractually required contribution	<u>(10,110)</u>	<u>(9,532)</u>	<u>(9,057)</u>	<u>(8,717)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,021,816	\$ 1,906,411	\$ 1,811,353	\$ 1,697,453
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%
<i>Fire:</i>				
Contractually required contribution	\$ 6,709	\$ 6,482	\$ 5,755	\$ 5,392
Contributions in relation to the contractually required contribution	<u>(6,709)</u>	<u>(6,482)</u>	<u>(5,755)</u>	<u>(5,392)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,341,923	\$ 1,296,366	\$ 1,150,923	\$ 1,078,362
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 8,653	\$ 59,950	\$ 108,665	\$ 112,737	\$ 113,362	\$ 115,904
<u>(8,653)</u>	<u>(59,950)</u>	<u>(108,665)</u>	<u>(112,737)</u>	<u>(113,362)</u>	<u>(115,904)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,747,400	\$ 1,654,735	\$ 1,610,941	\$ 1,671,310	\$ 1,680,588	\$ 1,718,267
0.50%	3.62%	6.75%	6.75%	6.75%	6.75%
\$ 5,114	\$ 35,017	\$ 65,026	\$ 63,249	\$ 63,672	\$ 64,722
<u>(5,114)</u>	<u>(35,017)</u>	<u>(65,026)</u>	<u>(63,249)</u>	<u>(63,672)</u>	<u>(64,722)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,032,830	\$ 972,540	\$ 964,551	\$ 938,186	\$ 944,446	\$ 960,023
0.50%	3.62%	6.75%	6.75%	6.75%	6.75%

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**CITY OF TALLMADGE, OHIO**

*NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2018*

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**PENSION**

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*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for 2014-2018.

*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 were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018.

**OHIO POLICE AND FIRE (OP&F) PENSION FUND**

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for 2014-2018.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following were the most significant changes of assumptions that affected the total pension since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.50% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.

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**OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

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*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for 2017-2018.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.

**OHIO POLICE AND FIRE (OP&F) PENSION FUND**

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for 2017-2018.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%.

COMBINING STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES

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**CITY OF TALLMADGE, OHIO**

*INDIVIDUAL FUND SCHEDULES  
FUND DESCRIPTIONS - GOVERNMENTAL FUNDS*

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**GENERAL FUND**

The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the Charter of the City and/or the general laws of Ohio.

**SPECIAL REVENUE FUNDS**

The special revenue funds are used to account for all specific financial resources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The following are the special revenue funds which the City operates:

**Major Special Revenue Funds**

***Fire/EMS Levy Fund***

The fire/emergency medical service levy fund accounts for property tax collections received through a permanent tax levy. An additional source of significant revenue is charges for services. Expenditures are for the operations of the fire and emergency medical service programs, staff, and for the purchase, repair and refurbishment of fire equipment.

***Street Maintenance and Repair Fund***

The street maintenance and repair fund is required by Ohio Revised Code to account for the portion of the State gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.

**Nonmajor Special Revenue Funds**

***State Highway Fund***

Required by the Ohio Revised Code to account for State gasoline tax and motor vehicle registration fees designated for maintenance of State highways within the City.

***Community Development Fund***

To account for monies received from the Community Development Block Grant Project.

***Local Government Innovation Grant Fund***

To account for the proceeds received from the Local Government Innovation program for a study to examine cost savings from the use of alternative fuels.

***Abandoned Gas Station Cleanup Grant Fund***

To account for the proceeds received from the Ohio Development Services Agency's Abandoned Gas Station Cleanup Grant Program for the remediation of an abandoned gas station.

***Alcohol Enforcement and Education Fund***

Required by Ohio Revised Code Section 4511.99 to account for fines received from offenders. These funds are used in educating the public of laws governing the operation of a motor vehicle and the dangers of the operations of a motor vehicle while under the influence of alcohol.

***Law Enforcement Trust Fund***

To account for proceeds from the sale of contraband that are restricted to subsidizing law enforcement efforts.



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**CITY OF TALLMADGE, OHIO**

*INDIVIDUAL FUND SCHEDULES  
FUND DESCRIPTIONS - GOVERNMENTAL FUNDS (CONTINUED)*

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**Nonmajor Special Revenue Funds (Continued)**

***Drug Law Enforcement Fund***

To account for monies from mandatory fines for trafficking offenses to be used for the investigation and prosecution of drug cases.

***Law Enforcement Assistance Fund***

To account for monies from a State grant to reimburse the City for training expenditures for law enforcement personnel.

***Emergency Medical Service Donation Fund***

To account for donations received for the City's emergency medical service and fire programs.

***K-9 Unit Donation Fund***

To account for donations received for the City's K-9 unit.

***Police Pension Fund***

To accumulate property taxes and subsidy from the General Fund for the payment of the current and accrued police disability and pension benefits.

***Historical Preservation Fund***

To account for donations from the Tallmadge Historical Society to be used for the preservation of historical structures that are owned by the City.

**DEBT SERVICE FUND**

***Bond Retirement Fund***

The bond retirement fund is used to account for monies used for the purpose of retiring principal and interest on debt.

**CAPITAL PROJECTS FUNDS**

The capital project funds are used to account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary fund types. Following is a description of the capital project funds:

**Nonmajor Capital Projects Funds**

***Tallmadge Shooting Range Fund***

To account for a grant received from the State of Ohio for the cleanup and development of a multi-jurisdictional shooting range.

***General Infrastructure Fund***

To account for a percentage of revenue from the General Fund, in accordance with local ordinances, to maintain the general infrastructure of the City.

***North Avenue Improvement Fund***

To account for the North Avenue improvements.

**CITY OF TALLMADGE, 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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes				
Real estate (public utility) . . . . .	\$ 780,074	\$ 784,230	\$ 774,765	\$ (9,465)
Municipal income taxes . . . . .	10,902,423	10,960,510	9,993,800	(966,710)
Intergovernmental				
Local government . . . . .	485,355	487,941	487,941	-
Rollback . . . . .	104,444	105,000	115,273	10,273
JEDD income taxes . . . . .	636,101	639,490	807,783	168,293
Miscellaneous . . . . .	33,969	34,150	54,398	20,248
Investment income . . . . .	145,226	146,000	237,943	91,943
Fines, licenses and permits . . . . .	420,451	422,691	345,946	(76,745)
Special assessments. . . . .	4,974	5,000	5,601	601
Charges for services . . . . .	1,837,013	1,846,800	1,887,797	40,997
Miscellaneous. . . . .	237,122	238,385	390,405	152,020
Total revenues. . . . .	<u>15,587,152</u>	<u>15,670,197</u>	<u>15,101,652</u>	<u>(568,545)</u>
<b>Expenditures:</b>				
Current:				
General government				
Mayor/Administration				
Personnel . . . . .	655,543	614,543	601,576	12,967
Operating . . . . .	107,908	107,908	91,791	16,117
Total Mayor/Administration. . . . .	<u>763,451</u>	<u>722,451</u>	<u>693,367</u>	<u>29,084</u>
Finance Director				
Personnel . . . . .	500,273	490,273	462,374	27,899
Operating . . . . .	259,667	224,667	221,274	3,393
Total Finance Director. . . . .	<u>759,940</u>	<u>714,940</u>	<u>683,648</u>	<u>31,292</u>
Law Director				
Personnel . . . . .	306,394	306,894	304,519	2,375
Operating . . . . .	64,374	64,374	52,528	11,846
Total Law Director. . . . .	<u>370,768</u>	<u>371,268</u>	<u>357,047</u>	<u>14,221</u>
Service Director				
Personnel . . . . .	327,990	320,490	311,738	8,752
Operating . . . . .	119,799	119,799	116,086	3,713
Total Service Director . . . . .	<u>447,789</u>	<u>440,289</u>	<u>427,824</u>	<u>12,465</u>
Manager of Information Service				
Personnel . . . . .	182,696	156,696	143,510	13,186
Operating . . . . .	465,860	465,860	465,180	680
Total Manager of Information Service. . . . .	<u>648,556</u>	<u>622,556</u>	<u>608,690</u>	<u>13,866</u>
Council				
Personnel . . . . .	203,726	196,226	189,898	6,328
Operating . . . . .	14,100	15,600	14,970	630
Total Council . . . . .	<u>217,826</u>	<u>211,826</u>	<u>204,868</u>	<u>6,958</u>

- Continued

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Civil Service				
Personnel . . . . .	\$ 29,886	\$ 29,886	\$ 27,421	\$ 2,465
Operating . . . . .	2,250	2,250	1,383	867
Total Civil Service . . . . .	32,136	32,136	28,804	3,332
Custodian				
Personnel . . . . .	113,627	78,627	70,095	8,532
Operating . . . . .	169,006	169,006	160,672	8,334
Total Custodian . . . . .	282,633	247,633	230,767	16,866
General Administration				
Operating . . . . .	1,234,292	1,234,292	1,229,120	5,172
Total General Administration . . . . .	1,234,292	1,234,292	1,229,120	5,172
Boards and Commissions				
Personnel . . . . .	4,400	4,400	3,903	497
Operating . . . . .	1,000	1,000	384	616
Total Boards and Commissions . . . . .	5,400	5,400	4,287	1,113
Historical Church				
Personnel . . . . .	14,100	14,100	12,269	1,831
Operating . . . . .	7,050	7,050	4,777	2,273
Total Historical Church . . . . .	21,150	21,150	17,046	4,104
Total general government. . . . .	4,783,941	4,623,941	4,485,468	138,473
Security of persons and property				
Police				
Personnel . . . . .	3,215,853	3,176,353	3,113,659	62,694
Operating . . . . .	929,574	944,699	901,903	42,796
Total Police . . . . .	4,145,427	4,121,052	4,015,562	105,490
Street lighting				
Operating . . . . .	42,000	42,000	37,309	4,691
Total Street lighting . . . . .	42,000	42,000	37,309	4,691
Total security of persons and property . . . . .	4,187,427	4,163,052	4,052,871	110,181
Transportation				
Garage				
Personnel . . . . .	317,224	318,224	316,343	1,881
Operating . . . . .	94,809	115,809	75,814	39,995
Total transportation . . . . .	412,033	434,033	392,157	41,876
Community environment				
Zoning				
Personnel . . . . .	201,942	171,942	156,216	15,726
Operating . . . . .	41,568	41,568	40,722	846
Total Zoning . . . . .	243,510	213,510	196,938	16,572
Total community environment . . . . .	243,510	213,510	196,938	16,572

- Continued

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2018*

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Leisure time activities				
Community Center				
Personnel . . . . .	\$ 15,228	\$ 15,228	\$ 12,274	\$ 2,954
Operating . . . . .	68,964	68,964	54,012	14,952
Total Community Center . . . . .	<u>84,192</u>	<u>84,192</u>	<u>66,286</u>	<u>17,906</u>
Recreation Center				
Personnel . . . . .	1,102,568	1,062,568	1,048,410	14,158
Operating . . . . .	667,123	667,123	631,939	35,184
Total Recreation Center . . . . .	<u>1,769,691</u>	<u>1,729,691</u>	<u>1,680,349</u>	<u>49,342</u>
Maca Pool				
Personnel . . . . .	140,021	130,021	125,501	4,520
Operating . . . . .	111,351	111,351	107,128	4,223
Total Maca Pool . . . . .	<u>251,372</u>	<u>241,372</u>	<u>232,629</u>	<u>8,743</u>
Total leisure time activities . . . . .	<u>2,105,255</u>	<u>2,055,255</u>	<u>1,979,264</u>	<u>75,991</u>
Capital outlay				
Police equipment . . . . .	133,000	306,106	267,867	38,239
Recreation equipment . . . . .	365,191	397,771	394,876	2,895
Maintenance equipment . . . . .	194,846	194,846	190,443	4,403
Total capital outlay . . . . .	<u>693,037</u>	<u>898,723</u>	<u>853,186</u>	<u>45,537</u>
Total expenditures . . . . .	<u>12,425,203</u>	<u>12,388,514</u>	<u>11,959,884</u>	<u>428,630</u>
Excess of revenues over expenditures . . . . .	<u>3,161,949</u>	<u>3,281,683</u>	<u>3,141,768</u>	<u>(139,915)</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets . . . . .	995	1,000	1,533	533
Advances in				
Abandoned gas station cleanup grant . . . . .	53,714	54,000	54,000	-
Local government innovation grant . . . . .	43,269	43,500	43,500	-
Transfers in				
North avenue improvement . . . . .	-	-	39,240	39,240
Shooting range . . . . .	149,012	149,806	-	(149,806)
Transfers out				
Police pension . . . . .	(280,000)	(280,000)	(280,000)	-
Fire/EMS levy . . . . .	(1,270,000)	(1,460,000)	(1,460,000)	-
General infrastructure reserve . . . . .	(65,000)	(65,000)	(65,000)	-
Street maintenance and repair . . . . .	(2,025,000)	(2,115,000)	(2,115,000)	-
North avenue improvement . . . . .	-	(12,304)	(12,304)	-
Community development . . . . .	(20,000)	(20,000)	(20,000)	-
Bond retirement . . . . .	(914,000)	(914,000)	(914,000)	-
Total other financing (uses) . . . . .	<u>(4,327,010)</u>	<u>(4,617,998)</u>	<u>(4,728,031)</u>	<u>(110,033)</u>
Net change in fund balance . . . . .	(1,165,061)	(1,336,315)	(1,586,263)	(249,948)
<b>Fund balance at beginning of year . . . . .</b>	<b>7,031,657</b>	<b>7,031,657</b>	<b>7,031,657</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>512,289</b>	<b>512,289</b>	<b>512,289</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 6,378,885</u></b>	<b><u>\$ 6,207,631</u></b>	<b><u>\$ 5,957,683</u></b>	<b><u>\$ (249,948)</u></b>

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**CITY OF TALLMADGE, OHIO**

*COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2018*

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Fund</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 270,760	\$ 24,851	\$ 226,546	\$ 522,157
Receivables:				
Real and other taxes . . . . .	119,754	-	-	119,754
Special assessments. . . . .	-	180,000	-	180,000
Intergovernmental . . . . .	43,350	-	-	43,350
Prepayments . . . . .	1,261	-	-	1,261
Total assets . . . . .	<u>\$ 435,125</u>	<u>\$ 204,851</u>	<u>\$ 226,546</u>	<u>\$ 866,522</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 1,817	\$ -	\$ -	\$ 1,817
Accrued wages and benefits payable . . . . .	1,429	-	-	1,429
Interfund loans payable . . . . .	46,000	-	-	46,000
Intergovernmental payable . . . . .	46,958	-	-	46,958
Total liabilities . . . . .	<u>96,204</u>	<u>-</u>	<u>-</u>	<u>96,204</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year . . . . .	116,103	-	-	116,103
Delinquent property tax revenue not available . . . . .	3,651	-	-	3,651
Special assessments revenue not available . . . . .	-	180,000	-	180,000
Intergovernmental nonexchange transactions . . . . .	33,257	-	-	33,257
Total deferred inflows of resources. . . . .	<u>153,011</u>	<u>180,000</u>	<u>-</u>	<u>333,011</u>
<b>Fund Balances:</b>				
Nonspendable . . . . .	1,261	-	-	1,261
Restricted for:				
Security of persons and property:				
Police . . . . .	35,011	-	-	35,011
Fire . . . . .	3,862	-	-	3,862
Transportation . . . . .	100,631	-	-	100,631
Community environment . . . . .	61,685	-	-	61,685
Capital outlay. . . . .	-	-	119,805	119,805
Committed . . . . .	-	-	106,741	106,741
Assigned . . . . .	-	24,851	-	24,851
Unassigned (deficit) . . . . .	(16,540)	-	-	(16,540)
Total fund balances . . . . .	<u>185,910</u>	<u>24,851</u>	<u>226,546</u>	<u>437,307</u>
Total liabilities, deferred inflows of resources and fund balances. . . . .	<u>\$ 435,125</u>	<u>\$ 204,851</u>	<u>\$ 226,546</u>	<u>\$ 866,522</u>

**CITY OF TALLMADGE, OHIO**

*COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Fund</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>				
Property and other taxes . . . . .	\$ 110,382	\$ -	\$ -	\$ 110,382
Intergovernmental . . . . .	294,600	-	45,021	339,621
Investment income . . . . .	84	-	-	84
Fines, licenses and permits . . . . .	9,350	-	-	9,350
Special assessments . . . . .	-	78,508	-	78,508
Miscellaneous . . . . .	1,549	-	5,000	6,549
<b>Total revenues . . . . .</b>	<b>415,965</b>	<b>78,508</b>	<b>50,021</b>	<b>544,494</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government . . . . .	34,500	-	-	34,500
Security of persons and property:				
Police . . . . .	410,297	-	-	410,297
Fire . . . . .	436	-	-	436
Transportation . . . . .	59,448	-	-	59,448
Community environment . . . . .	185,211	-	-	185,211
Capital outlay . . . . .	-	-	83,419	83,419
<b>Debt service:</b>				
Principal retirement . . . . .	-	775,000	150,000	925,000
Interest and fiscal charges . . . . .	-	258,989	-	258,989
<b>Total expenditures . . . . .</b>	<b>689,892</b>	<b>1,033,989</b>	<b>233,419</b>	<b>1,957,300</b>
Excess of expenditures over revenues . . . . .	(273,927)	(955,481)	(183,398)	(1,412,806)
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	300,000	914,000	77,304	1,291,304
Transfers (out) . . . . .	-	-	(39,240)	(39,240)
<b>Total other financing sources (uses) . . . . .</b>	<b>300,000</b>	<b>914,000</b>	<b>38,064</b>	<b>1,252,064</b>
Net change in fund balances . . . . .	26,073	(41,481)	(145,334)	(160,742)
<b>Fund balances at beginning of year . . . . .</b>	<b>159,837</b>	<b>66,332</b>	<b>371,880</b>	<b>598,049</b>
<b>Fund balances at end of year . . . . .</b>	<b>\$ 185,910</b>	<b>\$ 24,851</b>	<b>\$ 226,546</b>	<b>\$ 437,307</b>

**CITY OF TALLMADGE, OHIO**

*COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2018*

	<u>State Highway</u>	<u>Community Development</u>	<u>Abandoned Gas Station Cleanup Grant</u>	<u>Alcohol Enforcement and Education</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 93,440	\$ 61,685	\$ 45,996	\$ 7,539
Receivables:				
Real and other taxes. . . . .	-	-	-	-
Intergovernmental. . . . .	32,515	-	1,821	148
Prepayments . . . . .	1,261	-	-	-
Total assets . . . . .	<u>\$ 127,216</u>	<u>\$ 61,685</u>	<u>\$ 47,817</u>	<u>\$ 7,687</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ -	\$ -	\$ 1,817	\$ -
Accrued wages and benefits payable . . . . .	1,429	-	-	-
Interfund payable . . . . .	-	-	46,000	-
Intergovernmental payable . . . . .	759	-	-	-
Total liabilities. . . . .	<u>2,188</u>	<u>-</u>	<u>47,817</u>	<u>-</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year . . . . .	-	-	-	-
Delinquent property tax revenue not available . . . . .	-	-	-	-
Intergovernmental nonexchange transactions . . . . .	23,136	-	1,821	148
Total deferred inflows of resources . . . . .	<u>23,136</u>	<u>-</u>	<u>1,821</u>	<u>148</u>
<b>Fund Balances:</b>				
Nonspendable . . . . .	1,261	-	-	-
Restricted for:				
Security of persons and property:				
Police . . . . .	-	-	-	7,539
Fire . . . . .	-	-	-	-
Transportation. . . . .	100,631	-	-	-
Community environment . . . . .	-	61,685	-	-
Unassigned (deficit) . . . . .	-	-	(1,821)	-
Total fund balances. . . . .	<u>101,892</u>	<u>61,685</u>	<u>(1,821)</u>	<u>7,539</u>
Total liabilities, deferred inflows of resources and fund balances. . . . .	<u>\$ 127,216</u>	<u>\$ 61,685</u>	<u>\$ 47,817</u>	<u>\$ 7,687</u>



<u>Law Enforcement Trust</u>	<u>Drug Law Enforcement</u>	<u>Law Enforcement Assistance</u>	<u>Emergency Medical Service Donation</u>	<u>K-9 Unit Donation</u>	<u>Police Pension</u>	<u>Totals</u>
\$ 3,315	\$ 10,298	\$ 10,580	\$ 3,862	\$ 2,565	\$ 31,480	\$ 270,760
-	-	-	-	-	119,754	119,754
-	714	-	-	-	8,152	43,350
-	-	-	-	-	-	1,261
<u>\$ 3,315</u>	<u>\$ 11,012</u>	<u>\$ 10,580</u>	<u>\$ 3,862</u>	<u>\$ 2,565</u>	<u>\$ 159,386</u>	<u>\$ 435,125</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,817
-	-	-	-	-	-	1,429
-	-	-	-	-	-	46,000
-	-	-	-	-	46,199	46,958
-	-	-	-	-	46,199	96,204
-	-	-	-	-	116,103	116,103
-	-	-	-	-	3,651	3,651
-	-	-	-	-	8,152	33,257
-	-	-	-	-	127,906	153,011
-	-	-	-	-	-	1,261
3,315	11,012	10,580	-	2,565	-	35,011
-	-	-	3,862	-	-	3,862
-	-	-	-	-	-	100,631
-	-	-	-	-	-	61,685
-	-	-	-	-	(14,719)	(16,540)
<u>3,315</u>	<u>11,012</u>	<u>10,580</u>	<u>3,862</u>	<u>2,565</u>	<u>(14,719)</u>	<u>185,910</u>
<u>\$ 3,315</u>	<u>\$ 11,012</u>	<u>\$ 10,580</u>	<u>\$ 3,862</u>	<u>\$ 2,565</u>	<u>\$ 159,386</u>	<u>\$ 435,125</u>

**CITY OF TALLMADGE, OHIO**

*COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

	<b>State Highway</b>	<b>Community Development</b>	<b>Local Government Innovation Grant</b>	<b>Abandoned Gas Station Cleanup Grant</b>
<b>Revenues:</b>				
Property and other taxes . . . . .	\$ -	\$ -	\$ -	\$ -
Intergovernmental . . . . .	63,737	31,747	43,500	138,437
Investment income. . . . .	84	-	-	-
Fines, licenses and permits. . . . .	-	-	-	-
Miscellaneous . . . . .	565	-	-	-
<b>Total revenues.</b> . . . .	<u>64,386</u>	<u>31,747</u>	<u>43,500</u>	<u>138,437</u>
<b>Expenditures:</b>				
Current:				
General government. . . . .	-	-	34,500	-
Security of persons and property:				
Police . . . . .	-	-	-	-
Fire . . . . .	-	-	-	-
Transportation . . . . .	59,448	-	-	-
Community environment . . . . .	-	62,734	-	122,477
<b>Total expenditures.</b> . . . .	<u>59,448</u>	<u>62,734</u>	<u>34,500</u>	<u>122,477</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>4,938</u>	<u>(30,987)</u>	<u>9,000</u>	<u>15,960</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	-	20,000	-	-
<b>Total other financing sources</b> . . . . .	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances . . . . .	4,938	(10,987)	9,000	15,960
<b>Fund balances (deficit) at beginning of year.</b> . . . .	<u>96,954</u>	<u>72,672</u>	<u>(9,000)</u>	<u>(17,781)</u>
<b>Fund balances (deficit) at end of year</b> . . . . .	<u>\$ 101,892</u>	<u>\$ 61,685</u>	<u>\$ -</u>	<u>\$ (1,821)</u>

<b>Alcohol Enforcement and Education</b>	<b>Law Enforcement Trust</b>	<b>Drug Law Enforcement</b>	<b>Law Enforcement Assistance</b>	<b>Emergency Medical Service Donation</b>	<b>K-9 Unit Donation</b>	<b>Police Pension</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,382
-	-	714	-	-	-	16,465
-	-	-	-	-	-	-
652	-	8,698	-	-	-	-
-	-	-	-	180	700	104
<u>652</u>	<u>-</u>	<u>9,412</u>	<u>-</u>	<u>180</u>	<u>700</u>	<u>126,951</u>
-	-	-	-	-	-	-
-	1,444	10,980	-	-	1,970	395,903
-	-	-	-	436	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>1,444</u>	<u>10,980</u>	<u>-</u>	<u>436</u>	<u>1,970</u>	<u>395,903</u>
<u>652</u>	<u>(1,444)</u>	<u>(1,568)</u>	<u>-</u>	<u>(256)</u>	<u>(1,270)</u>	<u>(268,952)</u>
-	-	-	-	-	-	280,000
-	-	-	-	-	-	280,000
652	(1,444)	(1,568)	-	(256)	(1,270)	11,048
<u>6,887</u>	<u>4,759</u>	<u>12,580</u>	<u>10,580</u>	<u>4,118</u>	<u>3,835</u>	<u>(25,767)</u>
<u>\$ 7,539</u>	<u>\$ 3,315</u>	<u>\$ 11,012</u>	<u>\$ 10,580</u>	<u>\$ 3,862</u>	<u>\$ 2,565</u>	<u>\$ (14,719)</u>

Continued

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**CITY OF TALLMADGE, OHIO**

*COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

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	<u>Totals</u>
<b>Revenues:</b>	
Property and other taxes . . . . .	\$ 110,382
Intergovernmental . . . . .	294,600
Investment income. . . . .	84
Fines, licenses and permits. . . . .	9,350
Miscellaneous . . . . .	<u>1,549</u>
Total revenues. . . . .	<u>415,965</u>
<b>Expenditures:</b>	
Current:	
General government. . . . .	34,500
Security of persons and property:	
Police . . . . .	410,297
Fire . . . . .	436
Transportation . . . . .	59,448
Community environment . . . . .	<u>185,211</u>
Total expenditures. . . . .	<u>689,892</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(273,927)</u>
<b>Other financing sources:</b>	
Transfers in . . . . .	<u>300,000</u>
Total other financing sources . . . . .	<u>300,000</u>
Net change in fund balances . . . . .	26,073
<b>Fund balances (deficit) at beginning of year. . . . .</b>	<u>159,837</u>
<b>Fund balances (deficit) at end of year . . . . .</b>	<u><u>\$ 185,910</u></u>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**FIRE/EMS LEVY FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes . . . . .	\$ 1,247,659	\$ 1,336,215	\$ 1,293,999	\$ (42,216)
Intergovernmental . . . . .	203,955	218,431	202,005	(16,426)
Charges for services . . . . .	373,490	400,000	422,878	22,878
Miscellaneous. . . . .	54,156	58,000	98,802	40,802
Total revenues . . . . .	<u>1,879,260</u>	<u>2,012,646</u>	<u>2,017,684</u>	<u>5,038</u>
<b>Expenditures:</b>				
Current:				
Security of persons and property				
Fire				
Personnel . . . . .	2,869,859	3,059,859	3,039,172	20,687
Operating . . . . .	386,381	397,312	373,011	24,301
Total fire . . . . .	<u>3,256,240</u>	<u>3,457,171</u>	<u>3,412,183</u>	<u>44,988</u>
Capital outlay				
Equipment. . . . .	167,480	167,480	165,077	2,403
Total expenditures . . . . .	<u>3,423,720</u>	<u>3,624,651</u>	<u>3,577,260</u>	<u>47,391</u>
Excess of expenditures over revenues . . . . .	<u>(1,544,460)</u>	<u>(1,612,005)</u>	<u>(1,559,576)</u>	<u>52,429</u>
<b>Other financing sources:</b>				
Sale of assets . . . . .	-	-	14,600	14,600
Transfers in. . . . .	1,363,240	1,460,000	1,460,000	-
Total other financing sources . . . . .	<u>1,363,240</u>	<u>1,460,000</u>	<u>1,474,600</u>	<u>14,600</u>
Net change in fund balance. . . . .	(181,220)	(152,005)	(84,976)	67,029
Fund balance at beginning of year . . . . .	360,426	360,426	360,426	-
Prior year encumbrances appropriated . . . . .	103,862	103,862	103,862	-
Fund balance at end of year. . . . .	<u>\$ 283,068</u>	<u>\$ 312,283</u>	<u>\$ 379,312</u>	<u>\$ 67,029</u>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**STREET MAINTENANCE AND REPAIR FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 1,025,539	\$ 1,054,240	\$ 1,057,630	\$ 3,390
Investment income . . . . .	632	650	1,035	385
Special assessments. . . . .	11,673	12,000	23,068	11,068
Charges for services. . . . .	59,339	61,000	108,180	47,180
Miscellaneous. . . . .	61,285	63,000	84,080	21,080
Total revenues. . . . .	<u>1,158,468</u>	<u>1,190,890</u>	<u>1,273,993</u>	<u>83,103</u>
<b>Expenditures:</b>				
Current:				
Public health and welfare				
Personnel . . . . .	56,702	56,702	49,331	7,371
Operating . . . . .	47,300	47,300	38,503	8,797
Total public health and welfare . . . . .	<u>104,002</u>	<u>104,002</u>	<u>87,834</u>	<u>16,168</u>
Transportation				
Personnel . . . . .	1,200,375	1,170,375	1,114,048	56,327
Operating . . . . .	909,669	1,039,669	935,239	104,430
Total transportation . . . . .	<u>2,110,044</u>	<u>2,210,044</u>	<u>2,049,287</u>	<u>160,757</u>
Leisure time activities				
Personnel . . . . .	226,805	216,805	197,611	19,194
Operating . . . . .	143,072	143,072	137,894	5,178
Total leisure time activities. . . . .	<u>369,877</u>	<u>359,877</u>	<u>335,505</u>	<u>24,372</u>
Capital outlay				
Road program. . . . .	964,629	964,629	930,733	33,896
Capital outlay . . . . .	964,629	964,629	930,733	33,896
Total expenditures. . . . .	<u>3,548,552</u>	<u>3,638,552</u>	<u>3,403,359</u>	<u>235,193</u>
Excess of expenditures over revenues. . . . .	<u>(2,390,084)</u>	<u>(2,447,662)</u>	<u>(2,129,366)</u>	<u>318,296</u>
<b>Other financing sources:</b>				
Transfers in. . . . .	2,057,421	2,115,000	2,115,000	-
Sale of capital assets . . . . .	-	-	30,479	30,479
Total other financing sources. . . . .	<u>2,057,421</u>	<u>2,115,000</u>	<u>2,145,479</u>	<u>30,479</u>
Net change in fund balance. . . . .	(332,663)	(332,662)	16,113	348,775
<b>Fund balance at beginning of year . . . . .</b>	666,730	666,730	666,730	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>127,908</u>	<u>127,908</u>	<u>127,908</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 461,975</u>	<u>\$ 461,976</u>	<u>\$ 810,751</u>	<u>\$ 348,775</u>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
STATE HIGHWAY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 63,000	\$ 63,000	\$ 65,583	\$ 2,583
Investment income . . . . .	50	50	84	34
Miscellaneous . . . . .	50	50	565	515
Total revenues . . . . .	<u>63,100</u>	<u>63,100</u>	<u>66,232</u>	<u>3,132</u>
<b>Expenditures:</b>				
Current:				
Transportation				
Personnel . . . . .	68,992	68,992	60,766	8,226
Operating . . . . .	<u>2,050</u>	<u>2,050</u>	<u>1,800</u>	<u>250</u>
Total expenditures . . . . .	<u>71,042</u>	<u>71,042</u>	<u>62,566</u>	<u>8,476</u>
Net change in fund balance . . . . .	(7,942)	(7,942)	3,666	11,608
Fund balance at beginning of year . . . . .	87,268	87,268	87,268	-
Prior year encumbrances appropriated . . . . .	<u>10</u>	<u>10</u>	<u>10</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 79,336</u>	<u>\$ 79,336</u>	<u>\$ 90,944</u>	<u>\$ 11,608</u>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
COMMUNITY DEVELOPMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 20,000	\$ 20,000	\$ 31,747	\$ 11,747
Total revenues . . . . .	<u>20,000</u>	<u>20,000</u>	<u>31,747</u>	<u>11,747</u>
<b>Expenditures:</b>				
Current:				
Community environment				
Operating . . . . .	<u>115,600</u>	<u>115,600</u>	<u>98,809</u>	<u>16,791</u>
Total expenditures . . . . .	<u>115,600</u>	<u>115,600</u>	<u>98,809</u>	<u>16,791</u>
Excess of expenditures over revenues . . . .	<u>(95,600)</u>	<u>(95,600)</u>	<u>(67,062)</u>	<u>28,538</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Total other financing sources . . . . .	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net change in fund balance . . . . .	(75,600)	(75,600)	(47,062)	28,538
<b>Fund balance at beginning of year . . . . .</b>	73,147	73,147	73,147	-
<b>Prior year encumbrances appropriated . . .</b>	<u>35,600</u>	<u>35,600</u>	<u>35,600</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 33,147</u>	<u>\$ 33,147</u>	<u>\$ 61,685</u>	<u>\$ 28,538</u>



**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
LOCAL GOVERNMENT INNOVATION GRANT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 43,500	\$ 43,500	\$ 43,500	\$ -
Total revenues . . . . .	<u>43,500</u>	<u>43,500</u>	<u>43,500</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
General government				
Operating . . . . .	<u>34,500</u>	<u>34,500</u>	<u>34,500</u>	<u>-</u>
Total expenditures . . . . .	<u>34,500</u>	<u>34,500</u>	<u>34,500</u>	<u>-</u>
Excess of revenues over expenditures . . . .	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>-</u>
<b>Other financing (uses):</b>				
Advances (out) . . . . .	<u>(43,500)</u>	<u>(43,500)</u>	<u>(43,500)</u>	<u>-</u>
Total other financing (uses). . . . .	<u>(43,500)</u>	<u>(43,500)</u>	<u>(43,500)</u>	<u>-</u>
Net change in fund balance . . . . .	(34,500)	(34,500)	(34,500)	-
Fund balance at beginning of year . . . . .	-	-	-	-
Prior year encumbrances appropriated . .	<u>34,500</u>	<u>34,500</u>	<u>34,500</u>	<u>-</u>
Fund balance at end of year. . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ABANDONED GAS STATION CLEANUP GRANT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 54,053	\$ 120,547	\$ 138,437	\$ 17,890
Total revenues . . . . .	<u>54,053</u>	<u>120,547</u>	<u>138,437</u>	<u>17,890</u>
<b>Expenditures:</b>				
Current:				
Community environment				
Operating . . . . .	<u>36,150</u>	<u>148,766</u>	<u>148,713</u>	<u>53</u>
Total expenditures . . . . .	<u>36,150</u>	<u>148,766</u>	<u>148,713</u>	<u>53</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>17,903</u>	<u>(28,219)</u>	<u>(10,276)</u>	<u>17,943</u>
<b>Other financing sources (uses):</b>				
Advances (out) . . . . .	<u>(54,000)</u>	<u>(54,000)</u>	<u>(54,000)</u>	<u>-</u>
Total other financing sources (uses) . . . . .	<u>(54,000)</u>	<u>(54,000)</u>	<u>(54,000)</u>	<u>-</u>
Net change in fund balance. . . . .	(36,097)	(82,219)	(64,276)	17,943
<b>Fund balance at beginning of year . . . . .</b>	46,122	46,122	46,122	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>36,097</u>	<u>36,097</u>	<u>36,097</u>	<u>-</u>
<b>Fund balance at end of year. . . . .</b>	<u>\$ 46,122</u>	<u>\$ -</u>	<u>\$ 17,943</u>	<u>\$ 17,943</u>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ALCOHOL ENFORCEMENT AND EDUCATION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines, licenses and permits . . . . .	\$ -	\$ -	\$ 652	\$ 652
Total revenues . . . . .	<u>-</u>	<u>-</u>	<u>652</u>	<u>652</u>
Net change in fund balance. . . . .	-	-	652	652
<b>Fund balance at beginning of year . . . . .</b>	<u>6,887</u>	<u>6,887</u>	<u>6,887</u>	<u>-</u>
<b>Fund balance at end of year. . . . .</b>	<u>\$ 6,887</u>	<u>\$ 6,887</u>	<u>\$ 7,539</u>	<u>\$ 652</u>

**CITY OF TALLMADGE, 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, 2018*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines, licenses and permits . . . . .	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Total revenues . . . . .	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
<b>Expenditures:</b>				
Current:				
Security of persons and property				
Operating . . . . .	<u>3,500</u>	<u>3,500</u>	<u>3,444</u>	<u>56</u>
Total expenditures . . . . .	<u>3,500</u>	<u>3,500</u>	<u>3,444</u>	<u>56</u>
Net change in fund balance. . . . .	(2,500)	(2,500)	(3,444)	(944)
<b>Fund balance at beginning of year . . . . .</b>	3,259	3,259	3,259	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>-</u>
<b>Fund balance at end of year. . . . .</b>	<u>\$ 2,259</u>	<u>\$ 2,259</u>	<u>\$ 1,315</u>	<u>\$ (944)</u>

**CITY OF TALLMADGE, OHIO**

*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, 2018*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines, licenses and permits . . . . .	\$ 5,000	\$ 5,000	\$ 8,698	\$ 3,698
Total revenues . . . . .	<u>5,000</u>	<u>5,000</u>	<u>8,698</u>	<u>3,698</u>
<b>Expenditures:</b>				
Current:				
Security of persons and property				
Operating . . . . .	<u>11,475</u>	<u>11,475</u>	<u>10,980</u>	<u>495</u>
Total expenditures . . . . .	<u>11,475</u>	<u>11,475</u>	<u>10,980</u>	<u>495</u>
Net change in fund balance. . . . .	(6,475)	(6,475)	(2,282)	4,193
<b>Fund balance at beginning of year . . . . .</b>	8,705	8,705	8,705	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>3,875</u>	<u>3,875</u>	<u>3,875</u>	-
<b>Fund balance at end of year. . . . .</b>	<u>\$ 6,105</u>	<u>\$ 6,105</u>	<u>\$ 10,298</u>	<u>\$ 4,193</u>

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CITY OF TALLMADGE, 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, 2018

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Fund balance at beginning of year . . . . .	\$ 10,580	\$ 10,580	\$ 10,580	\$ -
Fund balance at end of year. . . . .	<u>\$ 10,580</u>	<u>\$ 10,580</u>	<u>\$ 10,580</u>	<u>\$ -</u>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
EMERGENCY MEDICAL SERVICE DONATION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Miscellaneous . . . . .	\$ 500	\$ 500	\$ 180	\$ (320)
Total revenues . . . . .	<u>500</u>	<u>500</u>	<u>180</u>	<u>(320)</u>
<b>Expenditures:</b>				
Current:				
Security of persons and property				
Operating . . . . .	<u>2,000</u>	<u>2,000</u>	<u>436</u>	<u>1,564</u>
Total expenditures . . . . .	<u>2,000</u>	<u>2,000</u>	<u>436</u>	<u>1,564</u>
Net change in fund balance. . . . .	(1,500)	(1,500)	(256)	1,244
<b>Fund balance at beginning of year . . . . .</b>	<u>4,118</u>	<u>4,118</u>	<u>4,118</u>	<u>-</u>
<b>Fund balance at end of year. . . . .</b>	<u><u>\$ 2,618</u></u>	<u><u>\$ 2,618</u></u>	<u><u>\$ 3,862</u></u>	<u><u>\$ 1,244</u></u>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**K-9 UNIT DONATION FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Miscellaneous . . . . .	\$ 500	\$ 500	\$ 700	\$ 200
Total revenues . . . . .	500	500	700	200
<b>Expenditures:</b>				
Current:				
Security of persons and property				
Operating . . . . .	2,300	2,300	2,212	88
Total expenditures . . . . .	2,300	2,300	2,212	88
Net change in fund balance. . . . .	(1,800)	(1,800)	(1,512)	288
<b>Fund balance at beginning of year . . . . .</b>	3,835	3,835	3,835	-
<b>Fund balance at end of year. . . . .</b>	\$ 2,035	\$ 2,035	\$ 2,323	\$ 288



**CITY OF TALLMADGE, 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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes . . . . .	\$ 109,608	\$ 112,120	\$ 110,382	\$ (1,738)
Intergovernmental . . . . .	14,664	15,000	16,465	1,465
Miscellaneous . . . . .	-	-	104	104
Total revenues . . . . .	<u>124,272</u>	<u>127,120</u>	<u>126,951</u>	<u>(169)</u>
<b>Expenditures:</b>				
Current:				
Security of persons and property				
Personnel . . . . .	400,000	400,000	391,916	8,084
Operating . . . . .	<u>2,100</u>	<u>2,100</u>	<u>1,649</u>	<u>451</u>
Total expenditures . . . . .	<u>402,100</u>	<u>402,100</u>	<u>393,565</u>	<u>8,535</u>
Excess of expenditures over revenues . . . . .	<u>(277,828)</u>	<u>(274,980)</u>	<u>(266,614)</u>	<u>8,366</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	<u>273,728</u>	<u>280,000</u>	<u>280,000</u>	<u>-</u>
Total other financing sources . . . . .	<u>273,728</u>	<u>280,000</u>	<u>280,000</u>	<u>-</u>
Net change in fund balance . . . . .	(4,100)	5,020	13,386	8,366
<b>Fund balance at beginning of year . . . . .</b>	<u>18,094</u>	<u>18,094</u>	<u>18,094</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 13,994</u>	<u>\$ 23,114</u>	<u>\$ 31,480</u>	<u>\$ 8,366</u>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**HISTORICAL PRESERVATION FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Miscellaneous . . . . .	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Total revenues . . . . .	10,000	10,000	-	(10,000)
<b>Expenditures:</b>				
Current:				
General government				
Operating . . . . .	10,000	10,000	-	10,000
Total expenditures . . . . .	10,000	10,000	-	10,000
Net change in fund balance . . . . .	-	-	-	-
<b>Fund balance at beginning of year . . . . .</b>	-	-	-	-
<b>Fund balance at end of year . . . . .</b>	\$ -	\$ -	\$ -	\$ -

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**BOND RETIREMENT FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Special assessments . . . . .	\$ 85,000	\$ 85,000	\$ 78,508	\$ (6,492)
Total revenues. . . . .	85,000	85,000	78,508	(6,492)
<b>Expenditures:</b>				
Current:				
Debt service:				
Principal retirement. . . . .	775,000	775,000	775,000	-
Interest and fiscal charges. . . . .	277,000	277,000	258,989	18,011
Total expenditures. . . . .	1,052,000	1,052,000	1,033,989	18,011
Excess of expenditures over revenues . . . . .	(967,000)	(967,000)	(955,481)	11,519
<b>Other financing sources:</b>				
Transfers in. . . . .	914,000	914,000	914,000	-
Total other financing sources . . . . .	914,000	914,000	914,000	-
Net change in fund balance. . . . .	(53,000)	(53,000)	(41,481)	11,519
<b>Fund balance at beginning of year . . . . .</b>	<b>66,332</b>	<b>66,332</b>	<b>66,332</b>	<b>-</b>
<b>Fund balance at end of year. . . . .</b>	<b>\$ 13,332</b>	<b>\$ 13,332</b>	<b>\$ 24,851</b>	<b>\$ 11,519</b>

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CITY OF TALLMADGE, OHIO

COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
DECEMBER 31, 2018

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	<u>Tallmadge Shooting Range</u>	<u>General Infrastructure</u>	<u>Totals</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 119,805	\$ 106,741	\$ 226,546
Total assets. . . . .	<u>\$ 119,805</u>	<u>\$ 106,741</u>	<u>\$ 226,546</u>
<b>Fund Balances:</b>			
Restricted for:			
Capital outlay. . . . .	\$ 119,805	\$ -	\$ 119,805
Committed:			
Capital outlay. . . . .	<u>-</u>	<u>106,741</u>	<u>106,741</u>
Total fund balances. . . . .	<u>119,805</u>	<u>106,741</u>	<u>226,546</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$ 119,805</u>	<u>\$ 106,741</u>	<u>\$ 226,546</u>

**CITY OF TALLMADGE, OHIO**

*COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

	<b>Tallmadge Shooting Range</b>	<b>General Infrastructure</b>	<b>North Avenue Improvement</b>	<b>Totals</b>
<b>Revenues:</b>				
Intergovernmental. . . . .	\$ -	\$ -	\$ 45,021	\$ 45,021
Miscellaneous. . . . .	-	5,000	-	5,000
Total revenues . . . . .	<u>-</u>	<u>5,000</u>	<u>45,021</u>	<u>50,021</u>
<b>Expenditures:</b>				
Capital outlay. . . . .	30,000	53,419	-	83,419
Debt service:				
Principal retirement . . . . .	-	-	150,000	150,000
Total expenditures . . . . .	<u>30,000</u>	<u>53,419</u>	<u>150,000</u>	<u>233,419</u>
Excess of expenditures over revenues. . . . .	<u>(30,000)</u>	<u>(48,419)</u>	<u>(104,979)</u>	<u>(183,398)</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	-	65,000	12,304	77,304
Transfers (out). . . . .	-	-	(39,240)	(39,240)
Total other financing sources (uses). . . . .	<u>-</u>	<u>65,000</u>	<u>(26,936)</u>	<u>38,064</u>
Net change in fund balances. . . . .	(30,000)	16,581	(131,915)	(145,334)
<b>Fund balances at beginning of year . . . . .</b>	<u>149,805</u>	<u>90,160</u>	<u>131,915</u>	<u>371,880</u>
<b>Fund balances at end of year. . . . .</b>	<u>\$ 119,805</u>	<u>\$ 106,741</u>	<u>\$ -</u>	<u>\$ 226,546</u>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**TALLMADGE SHOOTING RANGE FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures:</b>				
Capital outlay . . . . .	\$ 149,805	\$ 149,805	\$ 30,000	\$ 119,805
Total expenditures . . . . .	149,805	149,805	30,000	119,805
Net change in fund balance . . . . .	(149,805)	(149,805)	(30,000)	119,805
<b>Fund balance at beginning of year . . . . .</b>	149,805	149,805	149,805	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119,805</u>	<u>\$ 119,805</u>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL INFRASTRUCTURE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Miscellaneous . . . . .	\$ -	\$ -	\$ 5,000	\$ 5,000
Total revenues . . . . .	-	-	5,000	5,000
<b>Expenditures:</b>				
Capital outlay . . . . .	74,001	74,001	62,379	11,622
Total expenditures . . . . .	74,001	74,001	62,379	11,622
Excess of expenditures over revenues . . . . .	(74,001)	(74,001)	(57,379)	16,622
<b>Other financing sources:</b>				
Transfers in . . . . .	65,000	65,000	65,000	-
Total other financing sources . . . . .	65,000	65,000	65,000	-
Net change in fund balance . . . . .	(9,001)	(9,001)	7,621	16,622
<b>Fund balance at beginning of year . . . . .</b>	88,579	88,579	88,579	-
<b>Prior year encumbrances appropriated. . . . .</b>	4,001	4,001	4,001	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 83,579</u>	<u>\$ 83,579</u>	<u>\$ 100,201</u>	<u>\$ 16,622</u>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NORTH AVENUE IMPROVEMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 288,805	\$ 288,805	\$ 276,501	\$ (12,304)
Total revenues . . . . .	<u>288,805</u>	<u>288,805</u>	<u>276,501</u>	<u>(12,304)</u>
<b>Expenditures:</b>				
Capital outlay. . . . .	238,706	238,706	238,706	-
Debt service:				
Principal retirement. . . . .	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Total expenditures. . . . .	<u>388,706</u>	<u>388,706</u>	<u>388,706</u>	<u>-</u>
Excess of expenditures over revenues . . . . .	<u>(99,901)</u>	<u>(99,901)</u>	<u>(112,205)</u>	<u>(12,304)</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	-	-	12,304	12,304
Transfers (out). . . . .	<u>-</u>	<u>(39,240)</u>	<u>(39,240)</u>	<u>-</u>
Total other financing sources (uses). . . . .	<u>-</u>	<u>(39,240)</u>	<u>(26,936)</u>	<u>12,304</u>
Net change in fund balance . . . . .	(99,901)	(139,141)	(139,141)	-
<b>Fund balance (deficit) at beginning of year.</b>	(157,465)	(157,465)	(157,465)	-
<b>Prior year encumbrances appropriated. . .</b>	<u>296,606</u>	<u>296,606</u>	<u>296,606</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 39,240</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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**CITY OF TALLMADGE, OHIO**

*INDIVIDUAL FUND SCHEDULES  
FUND DESCRIPTIONS - PROPRIETARY FUNDS*

---

**MAJOR ENTERPRISE FUNDS**

The enterprise funds are used to account for the City's sewer, water, and storm water operations. These operations are financed and operated in a manner similar to that of a private business enterprise. The intent of the City is that the costs (expenses including depreciation) of providing goods and services on a continuing basis be recovered primarily through user charges. Following is a description of the City's major enterprise funds:

***Sewer Operating Fund***

The sewer operating fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

***Water Operating Fund***

The water operating fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the City.

***Storm Water Fund***

The storm water fund accounts for the provision of storm water drainage runoff service to the residents and commercial users located within the City.

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SEWER OPERATING FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services . . . . .	\$ 4,368,480	\$ 4,368,000	\$ 4,443,902	\$ 75,902
Special assessments . . . . .	-	-	2,048	2,048
Capital grants . . . . .	174,519	174,500	-	(174,500)
Miscellaneous . . . . .	9,001	9,000	12,138	3,138
Total revenues . . . . .	<u>4,552,000</u>	<u>4,551,500</u>	<u>4,458,088</u>	<u>(93,412)</u>
<b>Expenses:</b>				
Personal services . . . . .	344,522	349,522	344,065	5,457
Materials and supplies . . . . .	84,456	84,456	88,928	(4,472)
Contractual services . . . . .	4,471,110	4,471,110	3,745,555	725,555
Other . . . . .	60,054	55,054	39,974	15,080
Capital outlay				
Software . . . . .	20,000	20,000	16,517	3,483
Sewer rehabilitation . . . . .	20,000	20,000	19,134	866
Sewer cleaning & televising . . . . .	50,000	50,000	30,105	19,895
Evergreen-Mark drive sewer rehabilitation.	350,000	350,000	275,000	75,000
Total expenses . . . . .	<u>5,400,142</u>	<u>5,400,142</u>	<u>4,559,278</u>	<u>840,864</u>
Net change in fund equity . . . . .	(848,142)	(848,642)	(101,190)	747,452
<b>Fund equity at beginning of year . . . . .</b>	1,915,745	1,915,745	1,915,745	-
<b>Prior year encumbrances appropriated . . . . .</b>	541,894	541,894	541,894	-
<b>Fund equity at end of year . . . . .</b>	<u>\$ 1,609,497</u>	<u>\$ 1,608,997</u>	<u>\$ 2,356,449</u>	<u>\$ 747,452</u>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
WATER OPERATING FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services . . . . .	\$ 1,990,725	\$ 1,990,725	\$ 2,045,338	\$ 54,613
Miscellaneous . . . . .	11,500	11,500	18,206	6,706
Total revenues. . . . .	<u>2,002,225</u>	<u>2,002,225</u>	<u>2,063,544</u>	<u>61,319</u>
<b>Expenses:</b>				
Personal services. . . . .	381,935	381,935	352,297	29,638
Materials and supplies . . . . .	78,546	78,546	91,225	(12,679)
Contractual services . . . . .	1,671,135	1,671,135	1,452,030	219,105
Other . . . . .	85,054	85,054	75,435	9,619
Capital outlay				
Software . . . . .	20,000	20,000	16,517	3,483
Waterline looping. . . . .	125,000	125,000	-	125,000
Debt service:				
Principal retirement. . . . .	109,920	109,920	109,920	-
Interest and fiscal charges. . . . .	59,080	59,080	50,033	9,047
Total expenses . . . . .	<u>2,530,670</u>	<u>2,530,670</u>	<u>2,147,457</u>	<u>383,213</u>
Net change in fund equity . . . . .	(528,445)	(528,445)	(83,913)	444,532
Fund equity at beginning of year. . . . .	2,967,260	2,967,260	2,967,260	-
Prior year encumbrances appropriated . . . . .	125,056	125,056	125,056	-
Fund equity at end of year . . . . .	<u>\$ 2,563,871</u>	<u>\$ 2,563,871</u>	<u>\$ 3,008,403</u>	<u>\$ 444,532</u>

**CITY OF TALLMADGE, OHIO**

*SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**STORM WATER FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services . . . . .	\$ 320,000	\$ 320,000	\$ 315,922	\$ (4,078)
Miscellaneous . . . . .	-	-	1,406	1,406
Total revenues. . . . .	<u>320,000</u>	<u>320,000</u>	<u>317,328</u>	<u>(2,672)</u>
<b>Expenses:</b>				
Personal services. . . . .	172,478	172,478	151,120	21,358
Materials and supplies . . . . .	12,795	12,795	5,151	7,644
Contractual services . . . . .	96,691	96,691	80,223	16,468
Other . . . . .	1,200	1,200	86	1,114
Capital outlay				
Ditching work . . . . .	30,000	30,000	10,688	19,312
Northwest avenue crossover . . . . .	75,000	75,000	-	75,000
Total expenses . . . . .	<u>388,164</u>	<u>388,164</u>	<u>247,268</u>	<u>140,896</u>
Net change in fund equity . . . . .	(68,164)	(68,164)	70,060	138,224
<b>Fund equity at beginning of year. . . . .</b>	160,938	160,938	160,938	-
<b>Prior year encumbrances appropriated . . .</b>	<u>34,510</u>	<u>34,510</u>	<u>34,510</u>	<u>-</u>
<b>Fund equity at end of year . . . . .</b>	<u>\$ 127,284</u>	<u>\$ 127,284</u>	<u>\$ 265,508</u>	<u>\$ 138,224</u>

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**CITY OF TALLMADGE, OHIO**  
*INDIVIDUAL FUND SCHEDULES*  
*FUND DESCRIPTIONS - AGENCY FUNDS*

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**AGENCY FUNDS**

Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The following are the City's agency funds:

***Revolving Fund***

To account for monies put on deposit with the City in accordance with various City ordinances.

***Joint Economic Development District Fund***

To account for monies associated with the administering and collection of the income taxes of the Joint Economic Development District.

***Fire Repair/Removal Fund***

To account for monies put on deposit with the City to cover damages caused by fire.

**CITY OF TALLMADGE, OHIO**

*STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018*

	<b>Beginning Balance 12/31/2017</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance 12/31/2018</b>
<b>Revolving</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 130,411	\$ 419,924	\$ 215,208	\$ 335,127
Total assets. . . . .	<u>\$ 130,411</u>	<u>\$ 419,924</u>	<u>\$ 215,208</u>	<u>\$ 335,127</u>
<b>Liabilities:</b>				
Deposits held and due to others . . . . .	\$ 130,411	\$ 419,924	\$ 215,208	\$ 335,127
Total liabilities . . . . .	<u>\$ 130,411</u>	<u>\$ 419,924</u>	<u>\$ 215,208</u>	<u>\$ 335,127</u>
<b>Joint Economic Development District</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 276,581	\$ 660,817	\$ 647,815	\$ 289,583
Income taxes receivable . . . . .	117,322	148,293	117,322	148,293
Accrued interest receivable . . . . .	448	783	448	783
Total assets. . . . .	<u>\$ 394,351</u>	<u>\$ 809,893</u>	<u>\$ 765,585</u>	<u>\$ 438,659</u>
<b>Liabilities:</b>				
Deposits held and due to others . . . . .	\$ 394,351	\$ 809,893	\$ 765,585	\$ 438,659
Total liabilities . . . . .	<u>\$ 394,351</u>	<u>\$ 809,893</u>	<u>\$ 765,585</u>	<u>\$ 438,659</u>
<b>Fire Repair/Removal</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 14,295	\$ 19,529	\$ 19,529	\$ 14,295
Total assets. . . . .	<u>\$ 14,295</u>	<u>\$ 19,529</u>	<u>\$ 19,529</u>	<u>\$ 14,295</u>
<b>Liabilities:</b>				
Deposits held and due to others . . . . .	\$ 14,295	\$ 19,529	\$ 19,529	\$ 14,295
Total liabilities . . . . .	<u>\$ 14,295</u>	<u>\$ 19,529</u>	<u>\$ 19,529</u>	<u>\$ 14,295</u>
<b>Total Agency Funds</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 421,287	\$ 1,100,270	\$ 882,552	\$ 639,005
Income taxes receivable . . . . .	117,322	148,293	117,322	148,293
Accrued interest receivable . . . . .	448	783	448	783
Total assets. . . . .	<u>\$ 539,057</u>	<u>\$ 1,249,346</u>	<u>\$ 1,000,322</u>	<u>\$ 788,081</u>
<b>Liabilities:</b>				
Deposits held and due to others . . . . .	\$ 539,057	\$ 1,249,346	\$ 1,000,322	\$ 788,081
Total liabilities . . . . .	<u>\$ 539,057</u>	<u>\$ 1,249,346</u>	<u>\$ 1,000,322</u>	<u>\$ 788,081</u>

## STATISTICAL SECTION





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CITY OF TALLMADGE, OHIO

STATISTICAL SECTION

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This part of the City of Tallmadge'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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	<b>144</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue sources, the income tax and property tax.	<b>155</b>
<b>Debt Capacity</b> 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.	<b>162</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	<b>166</b>
<b>Operating Information</b> 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.	<b>168</b>

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

TABLE 1

**CITY OF TALLMADGE, OHIO**  
*NET POSITION BY COMPONENT*  
*LAST TEN YEARS*  
*(ACCRUAL BASIS OF ACCOUNTING)*

	Year Ended			
	2009	2010	2011	2012
<b>Governmental activities</b>				
Net investment in capital assets	\$ 17,647,995	\$ 18,369,056	\$ 18,529,391	\$ 17,813,396
Restricted	2,973,347	1,683,821	1,514,275	2,257,902
Unrestricted	2,226,868	4,290,037	5,878,178	6,688,846
Total governmental activities net position	<u>\$ 22,848,210</u>	<u>\$ 24,342,914</u>	<u>\$ 25,921,844</u>	<u>\$ 26,760,144</u>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 13,666,756	\$ 13,520,720	\$ 13,039,068	\$ 12,947,885
Unrestricted	7,383,084	7,276,621	7,246,755	6,008,069
Total business-type activities net position	<u>\$ 21,049,840</u>	<u>\$ 20,797,341</u>	<u>\$ 20,285,823</u>	<u>\$ 18,955,954</u>
<b>Primary government</b>				
Net investment in capital assets	\$ 29,944,751	\$ 30,677,297	\$ 30,495,949	\$ 29,828,740
Restricted	2,973,347	1,683,821	1,514,275	2,257,902
Unrestricted	10,979,952	12,779,137	14,197,443	13,629,456
Total primary government net position	<u>\$ 43,898,050</u>	<u>\$ 45,140,255</u>	<u>\$ 46,207,667</u>	<u>\$ 45,716,098</u>

Note: Governmental activities net position for 2011 has been restated in accordance with the implementation of GASB Statement No. 65.

Note: Net position for 2014 has been restated in accordance with the implementation of GASB Statement No. 68.

Note: Net position for 2017 has been restated in accordance with the implementation of GASB Statement No. 75.

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$ 17,423,842	\$ 17,400,202	\$ 17,237,094	\$ 21,380,493	\$ 19,123,730	\$ 19,498,663
1,741,398	938,818	1,089,332	1,021,205	806,140	274,037
8,651,613	(13,710)	(453,009)	1,361,578	(9,351,088)	(11,528,775)
<u>\$ 27,816,853</u>	<u>\$ 18,325,310</u>	<u>\$ 17,873,417</u>	<u>\$ 23,763,276</u>	<u>\$ 10,578,782</u>	<u>\$ 8,243,925</u>
\$ 13,040,099	\$ 12,480,844	\$ 12,275,784	\$ 12,827,739	\$ 14,454,902	\$ 14,757,523
5,547,959	5,058,591	5,521,861	5,143,660	5,630,339	7,308,183
<u>\$ 18,588,058</u>	<u>\$ 17,539,435</u>	<u>\$ 17,797,645</u>	<u>\$ 17,971,399</u>	<u>\$ 20,085,241</u>	<u>\$ 22,065,706</u>
\$ 29,676,369	\$ 29,881,046	\$ 29,025,245	\$ 33,875,568	\$ 33,578,632	\$ 34,256,186
1,741,398	938,818	1,089,332	1,021,205	806,140	274,037
14,987,144	5,044,881	5,556,485	6,837,902	(3,720,749)	(4,220,592)
<u>\$ 46,404,911</u>	<u>\$ 35,864,745</u>	<u>\$ 35,671,062</u>	<u>\$ 41,734,675</u>	<u>\$ 30,664,023</u>	<u>\$ 30,309,631</u>

TABLE 2

## CITY OF TALLMADGE, OHIO

CHANGES IN NET POSITION  
LAST TEN YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	Year Ended			
	2009	2010	2011	2012
<b>Expenses</b>				
Governmental activities:				
General government	\$ 3,254,377	\$ 3,075,749	\$ 3,182,528	\$ 3,266,514
Security of persons and property				
Police	3,822,765	3,707,305	3,814,646	3,537,529
Street lights	28,469	33,874	38,378	148,496
Fire	2,901,712	2,633,358	2,619,214	2,511,315
Public health and welfare	49,994	67,526	65,616	59,265
Transportation	2,655,392	3,132,926	2,496,576	3,763,869
Community environment	355,154	313,757	235,743	148,111
Leisure time activity	2,003,019	2,066,476	2,046,925	2,141,666
Interest and fiscal charges	479,892	455,252	482,500	438,561
Total governmental activities expenses	<u>15,550,774</u>	<u>15,486,223</u>	<u>14,982,126</u>	<u>16,015,326</u>
Business-type activities:				
Sewer operating	1,805,970	1,822,095	3,408,512	4,110,699
Water operating	1,700,746	1,808,067	1,880,466	2,044,350
Storm water	466,800	508,817	507,385	364,964
Total business-type activities expenses	<u>3,973,516</u>	<u>4,138,979</u>	<u>5,796,363</u>	<u>6,520,013</u>
Total primary government expenses	<u>\$ 19,524,290</u>	<u>\$ 19,625,202</u>	<u>\$ 20,778,489</u>	<u>\$ 22,535,339</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 310,336	\$ 441,489	\$ 407,928	\$ 407,030
Security of persons and property				
Police	17,732	9,438	19,112	11,083
Fire	405,050	358,781	396,854	371,784
Public health and welfare	7,935	2,790	2,538	1,824
Transportation	239,805	50,195	46,256	57,466
Community environment	127,858	151,381	47,321	35,799
Leisure time activity	1,562,356	1,614,573	1,750,273	1,743,332
Operating grants and contributions	828,557	932,825	954,482	1,510,826
Capital grants and contributions	500,000	1,465,130	426,352	10,000
Total governmental program revenues	<u>3,999,629</u>	<u>5,026,602</u>	<u>4,051,116</u>	<u>4,149,144</u>
Business-type activities:				
Charges for services:				
Sewer operating	1,481,699	1,739,256	3,032,289	2,920,769
Water operating	1,577,632	1,726,179	1,922,162	1,926,826
Storm water	312,841	309,293	324,368	298,770
Capital grants and contributions	-	100,000	-	28,660
Total business-type activities program revenues	<u>3,372,172</u>	<u>3,874,728</u>	<u>5,278,819</u>	<u>5,175,025</u>
Total primary government program revenue	<u>\$ 7,371,801</u>	<u>\$ 8,901,330</u>	<u>\$ 9,329,935</u>	<u>\$ 9,324,169</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (11,551,145)	\$ (10,459,621)	\$ (10,931,010)	\$ (11,866,182)
Business-type activities	(601,344)	(264,251)	(517,544)	(1,344,988)
Total primary government net expense	<u>\$ (12,152,489)</u>	<u>\$ (10,723,872)</u>	<u>\$ (11,448,554)</u>	<u>\$ (13,211,170)</u>

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$	3,564,772	\$ 3,796,832	\$ 4,013,860	\$ 4,189,505	\$ 4,590,950	\$ 4,670,426
	3,717,588	3,834,635	4,100,747	4,470,737	4,538,862	5,095,099
	30,364	27,287	35,335	34,663	35,445	37,309
	2,671,188	2,934,683	3,181,762	3,278,321	3,580,450	3,956,386
	70,758	73,335	72,192	78,701	73,275	87,955
	3,483,558	4,172,815	3,862,300	3,303,595	4,450,856	4,089,726
	161,310	147,887	126,520	247,564	346,400	389,036
	2,142,722	2,174,630	2,315,093	2,474,982	2,660,058	2,680,260
	415,825	390,861	331,527	306,671	322,376	273,292
	<u>16,258,085</u>	<u>17,552,965</u>	<u>18,039,336</u>	<u>18,384,739</u>	<u>20,598,672</u>	<u>21,279,489</u>
	3,847,032	3,884,775	4,007,772	4,461,756	4,107,890	3,715,964
	1,903,383	2,409,488	1,927,721	2,173,956	2,039,430	2,090,577
	445,813	378,463	406,712	487,373	458,769	454,543
	<u>6,196,228</u>	<u>6,672,726</u>	<u>6,342,205</u>	<u>7,123,085</u>	<u>6,606,089</u>	<u>6,261,084</u>
\$	<u>22,454,313</u>	<u>24,225,691</u>	<u>24,381,541</u>	<u>25,507,824</u>	<u>27,204,761</u>	<u>27,540,573</u>
\$	398,855	\$ 380,786	\$ 356,067	\$ 324,132	\$ 292,870	\$ 268,791
	5,665	25,948	4,272	25,856	7,441	10,358
	404,330	405,140	458,369	404,113	378,181	432,560
	3,821	2,163	2,942	2,565	2,564	5,198
	54,232	45,612	57,514	59,880	61,247	106,650
	29,781	39,824	38,520	44,575	56,980	44,758
	1,752,221	1,655,897	1,675,577	1,793,613	1,854,305	1,874,238
	1,096,602	1,456,971	1,269,128	1,191,375	1,467,132	1,528,418
	10,513	18,673	232,040	4,682,170	428,835	44,240
	<u>3,756,020</u>	<u>4,031,014</u>	<u>4,094,429</u>	<u>8,528,279</u>	<u>4,549,555</u>	<u>4,315,211</u>
	3,495,275	3,742,246	3,806,251	3,923,707	4,514,010	4,743,445
	1,998,973	1,972,805	2,192,281	2,008,569	2,156,467	2,182,363
	311,614	327,676	323,013	305,252	318,523	349,661
	-	-	-	1,031,476	-	934,330
	<u>5,805,862</u>	<u>6,042,727</u>	<u>6,321,545</u>	<u>7,269,004</u>	<u>6,989,000</u>	<u>8,209,799</u>
\$	<u>9,561,882</u>	<u>10,073,741</u>	<u>10,415,974</u>	<u>15,797,283</u>	<u>11,538,555</u>	<u>12,525,010</u>
\$	(12,502,065)	\$ (13,521,951)	\$ (13,944,907)	\$ (9,856,460)	\$ (16,049,117)	\$ (16,964,278)
	(390,366)	(629,999)	(20,660)	145,919	382,911	1,948,715
\$	<u>(12,892,431)</u>	<u>(14,151,950)</u>	<u>(13,965,567)</u>	<u>(9,710,541)</u>	<u>(15,666,206)</u>	<u>(15,015,563)</u>

TABLE 2

## CITY OF TALLMADGE, OHIO

CHANGES IN NET POSITION (CONTINUED)  
 LAST TEN YEARS  
 (ACCRUAL BASIS OF ACCOUNTING)

	Year Ended			
	2009	2010	2011	2012
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property taxes	\$ 2,225,056	\$ 2,258,920	\$ 2,264,267	\$ 2,030,192
Income taxes	7,226,715	7,455,553	7,957,003	8,685,855
Unrestricted grants and contributions	2,223,903	2,148,650	2,317,116	1,854,900
Investment earnings	141,630	43,871	32,582	39,407
Miscellaneous	265,173	47,331	96,496	94,128
Transfers	-	-	-	-
Increase (Decrease) in fair value of investments	-	-	-	-
Total governmental activities	<u>12,082,477</u>	<u>11,954,325</u>	<u>12,667,464</u>	<u>12,704,482</u>
Business-type activities:				
Miscellaneous	10,599	11,752	6,026	15,119
Transfers	-	-	-	-
Total business-type activities	<u>10,599</u>	<u>11,752</u>	<u>6,026</u>	<u>15,119</u>
Total primary government	<u>\$ 12,093,076</u>	<u>\$ 11,966,077</u>	<u>\$ 12,673,490</u>	<u>\$ 12,719,601</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 531,332	\$ 1,494,704	\$ 1,736,454	\$ 838,300
Business-type activities	(590,745)	(252,499)	(511,518)	(1,329,869)
Total primary government	<u>\$ (59,413)</u>	<u>\$ 1,242,205</u>	<u>\$ 1,224,936</u>	<u>\$ (491,569)</u>

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$	2,077,781	\$ 2,051,246	\$ 2,036,907	\$ 2,046,484	\$ 2,071,912	\$ 2,167,776
	9,423,158	9,166,550	9,836,002	10,873,754	10,242,096	10,110,310
	1,810,363	1,426,170	1,684,506	2,636,593	1,605,087	1,719,143
	34,549	34,733	43,929	64,428	119,726	270,484
	212,923	166,274	152,030	161,816	265,074	391,938
	-	-	(260,360)	-	(2,113,760)	-
	-	-	-	(36,756)	30,106	(30,230)
	<u>13,558,774</u>	<u>12,844,973</u>	<u>13,493,014</u>	<u>15,746,319</u>	<u>12,220,241</u>	<u>14,629,421</u>
	22,470	28,492	18,510	27,835	32,485	31,750
	-	-	260,360	-	2,113,760	-
	<u>22,470</u>	<u>28,492</u>	<u>278,870</u>	<u>27,835</u>	<u>2,146,245</u>	<u>31,750</u>
\$	<u>13,581,244</u>	<u>12,873,465</u>	<u>13,771,884</u>	<u>15,774,154</u>	<u>14,366,486</u>	<u>14,661,171</u>
\$	1,056,709	\$ (676,978)	\$ (451,893)	\$ 5,889,859	\$ (3,828,876)	\$ (2,334,857)
	(367,896)	(601,507)	258,210	173,754	2,529,156	1,980,465
\$	<u>688,813</u>	<u>(1,278,485)</u>	<u>(193,683)</u>	<u>6,063,613</u>	<u>(1,299,720)</u>	<u>(354,392)</u>

TABLE 3

## CITY OF TALLMADGE, OHIO

*FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)*

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund				
Nonspendable	\$ -	\$ -	\$ 95,421	\$ 103,426
Assigned	-	-	235,992	206,371
Unassigned	-	-	5,359,392	5,985,065
Reserved	374,719	166,229	-	-
Unreserved	3,104,686	4,629,330	-	-
Total general fund	<u>\$ 3,479,405</u>	<u>\$ 4,795,559</u>	<u>\$ 5,690,805</u>	<u>\$ 6,294,862</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ 82,573	\$ 59,759
Restricted	-	-	1,199,294	1,953,464
Assigned	-	-	68,361	47,224
Committed	-	-	-	-
Unassigned (deficit)	-	-	(142,958)	(29,818)
Reserved	192,535	444,792	-	-
Unreserved (deficit), reported in:				
Special revenue funds	840,684	910,367	-	-
Debt service funds	37,899	50,880	-	-
Capital projects funds	834,219	(175,793)	-	-
Total all other governmental funds	<u>\$ 1,905,337</u>	<u>\$ 1,230,246</u>	<u>\$ 1,207,270</u>	<u>\$ 2,030,629</u>

Note: Beginning in 2011, the presentation of fund balances for governmental funds was formatted to conform with GASB Statement No. 54.



<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$ 109,310	\$ 111,300	\$ 71,993	\$ 224,368	\$ 175,328	\$ 169,188
1,985,047	1,605,527	332,881	721,654	1,082,057	1,005,745
6,113,312	5,297,977	6,436,553	8,224,427	7,894,320	6,849,232
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 8,207,669</u>	<u>\$ 7,014,804</u>	<u>\$ 6,841,427</u>	<u>\$ 9,170,449</u>	<u>\$ 9,151,705</u>	<u>\$ 8,024,165</u>
\$ 59,476	\$ 54,022	\$ 69,664	\$ 164,524	\$ 158,072	\$ 277,737
1,462,666	1,899,015	1,997,588	1,748,212	1,598,522	1,653,415
69,696	76,219	99,839	87,463	66,332	24,851
-	407,000	288,398	170,300	90,160	106,741
(489)	-	-	(272,519)	(52,548)	(16,540)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,591,349</u>	<u>\$ 2,436,256</u>	<u>\$ 2,455,489</u>	<u>\$ 1,897,980</u>	<u>\$ 1,860,538</u>	<u>\$ 2,046,204</u>

TABLE 4

## CITY OF TALLMADGE, OHIO

GOVERNMENTAL FUND REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION (1)  
LAST TEN YEARS

	2009	2010	2011	2012
<b>Revenues</b>				
Property and other taxes	\$ 2,241,114	\$ 2,228,915	\$ 2,252,159	\$ 2,023,704
Municipal income taxes	7,156,634	7,657,243	7,893,880	8,359,821
Intergovernmental	3,589,375	4,563,381	3,385,703	3,537,553
Investment income	141,559	49,542	33,536	29,455
Fines, licenses, and permits	438,045	548,635	425,414	413,255
Special assessments	109,413	115,095	115,692	108,045
Charges for services	2,188,832	2,036,244	2,201,320	2,185,009
Increase (Decrease) in fair value of investments	-	-	-	-
Miscellaneous	322,541	49,131	99,492	206,861
Total revenues	16,187,513	17,248,186	16,407,196	16,863,703
<b>Expenditures</b>				
Current:				
General government	3,062,640	2,995,338	3,051,404	3,054,651
Security of persons and property				
Police	3,808,963	3,647,373	3,675,245	3,424,600
Street lighting	28,469	33,874	38,378	32,020
Fire	2,644,911	2,490,438	2,474,408	2,521,518
Public health and welfare	48,878	66,410	64,500	58,149
Transportation	1,847,529	1,534,582	1,480,892	2,105,228
Community environment	355,637	307,770	277,805	141,516
Leisure time activity	1,726,060	1,732,010	1,691,805	1,799,907
Capital outlay	1,068,156	2,658,464	1,639,318	1,237,448
Debt service				
Principal retirement	4,396,214	619,374	781,055	775,851
Interest and fiscal charges	515,389	485,365	470,975	448,306
Bond issue costs	-	118,828	-	-
Total expenditures	19,502,846	16,689,826	15,645,785	15,599,194
Excess of revenues over (under) expenditures	(3,315,333)	558,360	761,411	1,264,509
<b>Other financing sources (uses)</b>				
Capital lease transaction	144,277	-	110,859	162,907
Sale of bonds	-	5,320,000	-	-
Sale of notes	3,800,000	-	-	-
Premium on bond/note issuances	22,344	15,190	-	-
Discount on bond issuance	-	(26,842)	-	-
Refunding of notes	-	(3,800,000)	-	-
Payment to refunded bond escrow agent	-	(1,425,645)	-	-
Sale of assets	-	-	-	-
Transfers in	2,618,165	2,877,000	3,196,000	4,335,205
Transfers (out)	(2,618,165)	(2,877,000)	(3,196,000)	(4,335,205)
Total other financing sources (uses)	3,966,621	82,703	110,859	162,907
Net change in fund balances	\$ 651,288	\$ 641,063	\$ 872,270	\$ 1,427,416
Capital expenditures	964,180	1,880,986	1,219,682	393,428
Debt service as a percentage of noncapital expenditures (2)	26.49%	7.46%	8.68%	8.05%

(1) Includes General, Special Revenue, Debt Service and Capital Projects funds.

(2) The calculation of debt service as a percentage of noncapital expenditures excludes bond issuance costs.

	2013	2014	2015	2016	2017	2018
\$	2,109,423	\$ 2,059,317	\$ 2,059,080	\$ 2,052,791	\$ 2,057,730	\$ 2,179,146
	9,256,758	9,560,660	9,844,999	10,628,415	10,156,843	10,011,817
	2,957,933	2,729,999	3,086,741	7,022,306	3,630,150	3,034,077
	33,485	33,822	42,885	59,239	118,964	254,232
	370,469	391,916	356,831	366,002	336,532	305,805
	134,432	110,603	107,432	99,975	94,423	107,177
	2,227,877	2,123,555	2,165,699	2,270,401	2,309,777	2,404,423
	-	-	-	(36,756)	30,106	(30,230)
	361,207	333,527	271,263	334,532	429,893	626,448
	<u>17,451,584</u>	<u>17,343,399</u>	<u>17,934,930</u>	<u>22,796,905</u>	<u>19,164,418</u>	<u>18,892,895</u>
	3,414,974	3,632,420	3,682,315	3,895,399	3,988,120	4,279,412
	3,566,511	3,737,673	3,941,589	3,950,057	4,106,240	4,315,465
	30,364	27,287	35,335	34,663	35,445	37,309
	2,551,371	2,746,929	2,921,254	2,879,469	3,204,066	3,323,493
	69,642	71,619	69,876	76,385	70,959	85,639
	1,254,060	1,812,826	1,964,913	1,892,975	2,039,398	2,215,675
	163,581	145,941	126,047	242,047	321,885	366,329
	1,802,674	1,865,931	1,978,136	2,074,446	2,100,515	2,154,495
	1,967,917	2,500,947	2,382,717	6,040,590	2,717,795	2,139,193
	731,542	749,212	819,943	845,564	1,684,750	1,211,662
	425,421	400,572	346,052	300,618	299,707	276,194
	-	-	110,335	-	25,000	-
	<u>15,978,057</u>	<u>17,691,357</u>	<u>18,378,512</u>	<u>22,232,213</u>	<u>20,593,880</u>	<u>20,404,866</u>
	<u>1,473,527</u>	<u>(347,958)</u>	<u>(443,582)</u>	<u>564,692</u>	<u>(1,429,462)</u>	<u>(1,511,971)</u>
	-	-	179,104	406,821	448,276	570,097
	-	-	2,925,000	-	825,000	-
	-	-	-	800,000	-	-
	-	-	128,790	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	(2,943,456)	-	-	-
	-	-	-	-	-	-
	3,654,275	5,588,777	4,819,200	4,027,250	4,279,750	4,905,544
	<u>(3,654,275)</u>	<u>(5,588,777)</u>	<u>(4,819,200)</u>	<u>(4,027,250)</u>	<u>(4,179,750)</u>	<u>(4,905,544)</u>
	-	-	289,438	1,206,821	1,373,276	570,097
\$	<u>1,473,527</u>	<u>(347,958)</u>	<u>(154,144)</u>	<u>1,771,513</u>	<u>(56,186)</u>	<u>(941,874)</u>
	581,540	928,737	1,048,247	6,515,158	1,428,972	1,459,411
	7.51%	6.86%	6.73%	7.29%	10.35%	7.85%

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TABLE 5

## CITY OF TALLMADGE, OHIO

REAL AND PUBLIC UTILITY PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS

Year	Net Tax Levy (Current Billed Portion)	Current Collections	Percent of Current Collections to Net Levy	Delinquent Collections	Total Collections	Percent of Total Collections to Levy	Current Delinquent Amount
2009	\$ 2,510,557	\$ 2,428,896	96.75%	\$ 69,123	\$ 2,498,019	99.50%	\$ 81,661
2010	2,523,496	2,443,297	96.82%	55,510	2,498,807	99.02%	80,199
2011	2,542,622	2,435,036	95.77%	81,141	2,516,177	98.96%	107,585
2012	2,294,001	2,212,443	96.44%	67,918	2,280,361	99.41%	81,558
2013	2,293,350	2,245,271	97.90%	125,476	2,370,747	103.37%	48,079
2014	2,314,571	2,246,437	97.06%	75,229	2,321,666	100.31%	68,135
2015	2,292,469	2,239,447	97.69%	74,475	2,313,922	100.94%	53,022
2016	2,298,861	2,252,662	97.99%	38,860	2,291,522	99.68%	46,199
2017	2,312,158	2,264,620	97.94%	48,077	2,312,697	100.02%	47,539
2018	2,418,192	2,380,621	98.45%	67,291	2,447,912	101.23%	37,571

Source: Summit County, Ohio; County Fiscal Officer

TABLE 6

## CITY OF TALLMADGE, OHIO

TANGIBLE PERSONAL PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS

Year	Net Tax Levy (Current Billed Portion)	Current Collections	Percent of Current Collections to Net Levy	Delinquent Collections	Total Collections	Percent of Total Collections to Levy	Current Delinquent Amount
2009	\$ 4,580	\$ 4,567	99.72%	\$ 9,963	\$ 14,530	317.25%	\$ 12
2010	2,036	2,036	100.00%	1,052	3,088	151.67%	-
2011 (1)	-	-	N/A	318	318	N/A	-
2012	-	-	N/A	144	144	N/A	-
2013	-	-	N/A	-	-	N/A	-
2014	-	-	N/A	-	-	N/A	-
2015	-	-	N/A	-	-	N/A	-
2016	-	-	N/A	-	-	N/A	-
2017	-	-	N/A	-	-	N/A	-
2018	-	-	N/A	-	-	N/A	-

Source: Summit County, Ohio; County Fiscal Officer

Note: Delinquent collections include penalties and interest since Ohio law requires them to become part of taxes. Delinquent taxes are presented by collection year rather than by levy year since the County does not maintain information on delinquencies by levy year.

(1) Tangible personal property tax levies and collections were phased out from 2009 through 2011.

TABLE 7

## CITY OF TALLMADGE, OHIO

ASSESSSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS

Year	Real Property		Public Utility Property	
	Estimated Actual Value (A)	Assessed Value	Estimated Actual Value (B)	Assessed Value
2009*	\$ 1,162,772,988	\$ 404,401,940	\$ 4,337,841	\$ 3,817,300
2010*	1,166,894,558	406,296,800	4,557,318	4,010,440
2011*	1,174,132,314	409,291,820	4,727,114	4,159,860
2012*	1,058,243,087	368,653,730	4,946,716	4,353,110
2013*	1,057,273,219	368,131,590	5,419,909	4,769,520
2014*	1,068,253,993	371,766,430	6,064,193	5,336,490
2015*	1,061,273,964	369,219,410	6,361,364	5,598,000
2016*	1,064,701,144	370,364,200	6,517,716	5,735,590
2017*	1,070,985,951	372,360,560	7,098,636	6,246,800
2018	1,168,370,457	408,929,660	7,369,216	6,484,910

## Note:

(A) Real property is assessed at 35% of actual value.

(B) Public utility is assessed at 88% of actual value.

(C) For 2009 through 2011, tangible personal property tax is assessed at 0.00% of property value, including inventory, except for telephone tangible personal property which is assessed at 10% of property value, including inventory.

\* Summit County valuations only - Portage County not included.

Source: Summit County, Ohio; County Fiscal Officer

<b>Tangible Personal Property</b>		<b>Total</b>		<b>Total Direct Tax Rate</b>	<b>Assessed Value as a Percentage of Actual Value</b>
<b>Estimated Actual Value (C)</b>	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>Assessed Value</b>		
\$ 7,502,580	\$ 750,258	\$ 1,174,613,409	\$ 408,969,498	6.15	34.82%
3,723,100	372,310	1,175,174,976	410,679,550	6.15	34.95%
-	-	1,178,859,428	413,451,680	6.15	35.07%
-	-	1,063,189,803	373,006,840	6.15	35.08%
-	-	1,062,693,128	372,901,110	6.15	35.09%
-	-	1,074,318,186	377,102,920	6.15	35.10%
-	-	1,067,635,328	374,817,410	6.15	35.11%
-	-	1,071,218,860	376,099,790	6.15	35.11%
-	-	1,078,084,587	378,607,360	6.15	35.12%
-	-	1,175,739,673	415,414,570	6.15	35.33%

**TABLE 8****CITY OF TALLMADGE, OHIO***PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
(PER \$1,000 OF ASSESSED VALUATION)  
LAST TEN YEARS*

<u>Collection Year</u>	<u>County Levy</u>	<u>School Levy</u>	<u>Akron/Summit Library</u>	<u>Tallmadge City</u>	<u>Total Levy</u>	<u>Debt Service</u>
1 2009	14.16	64.63	2.08	6.15	87.02	5.99
2 2009	14.16	45.25	1.00	6.15	66.56	0.41
1 2010	14.16	71.57	2.10	6.15	93.98	5.88
2 2010	14.16	45.15	1.00	6.15	66.46	0.48
1 2011	14.16	71.56	2.10	6.15	93.97	6.09
2 2011	14.16	45.05	2.00	6.15	67.36	0.59
1 2012	14.16	72.80	2.10	6.15	95.21	6.59
2 2012	14.16	53.24	2.00	6.15	75.55	0.59
1 2013	14.16	71.56	2.10	6.15	93.97	6.09
2 2013	14.16	45.05	2.00	6.15	67.36	0.59
1 2014	14.16	72.41	2.10	6.15	94.82	6.23
2 2014	14.16	53.66	2.00	6.15	75.97	0.59
1 2015	14.16	72.27	2.62	6.15	95.20	6.23
2 2015	14.16	53.58	2.00	6.15	75.89	0.68
1 2016	14.16	77.03	2.60	6.15	99.94	11.02
2 2016	14.16	55.34	2.00	6.15	77.65	0.68
1 2017	14.16	75.35	2.56	6.15	98.22	9.99
2 2017	14.16	54.10	2.00	6.15	76.41	0.74
1 2018	14.16	75.09	2.56	6.15	97.96	9.91
2 2018	14.16	53.87	2.00	6.15	76.18	0.74

Source: Summit County, Ohio; County Fiscal Officer

Note: Taxes are levied at the same rate in both the 1st and 2nd half; however, there are two sets of rates because both Tallmadge CSD (1) and Stow/Munroe Falls CSD (2) overlap Tallmadge City.

**TABLE 9****CITY OF TALLMADGE, OHIO***CITY - WIDE PROPERTY TAX RATES (PER \$1,000 OF ASSESSED VALUATION)  
LAST TEN YEARS*

<u>Collection Year</u>	<u>Inside Operating</u>	<u>Outside Operating</u>	<u>Police Pension</u>	<u>Fire/Ambulance</u>	<u>Total Tax Rate</u>
2009	2.10	N/A	0.30	3.75	6.15
2010	2.10	N/A	0.30	3.75	6.15
2011	2.10	N/A	0.30	3.75	6.15
2012	2.10	N/A	0.30	3.75	6.15
2013	2.10	N/A	0.30	3.75	6.15
2014	2.10	N/A	0.30	3.75	6.15
2015	2.10	N/A	0.30	3.75	6.15
2016	2.10	N/A	0.30	3.75	6.15
2017	2.10	N/A	0.30	3.75	6.15
2018	2.10	N/A	0.30	3.75	6.15

Source: Summit County, Ohio; County Fiscal Officer



TABLE 10

## CITY OF TALLMADGE, OHIO

REAL PROPERTY PRINCIPAL TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO

		<b>December 31, 2018</b>	
<b>Name of Taxpayer</b>	<b>Nature of Business</b>	<b>Valuation</b>	<b>Percent of Total</b>
Big Zilla Development LLC	Retail Property Management	\$ 3,658,850	0.89%
Eastwood Square Associates LTD	Retail Property Management	2,863,790	0.70%
Tallmadge Oaks LTD	Apartment Complex	2,040,080	0.50%
Heather Knoll Rental Properties LLC	Apartment Complex	1,947,730	0.48%
Saxon Village Limited	Apartment Complex	1,645,870	0.40%
Mindale Farms Co.	Agriculture	1,514,300	0.37%
Tallmadge Associates	Retail Property Management	1,506,910	0.37%
MK Menlo Property Owner LLC	Retail Property Management	1,478,920	0.36%
Tallmadge Senior Housing LTD	Apartment Complex	1,421,870	0.35%
GE Tallmadge Portfolio LP	Grocery	1,249,050	0.31%
<b>Total</b>		<b>\$ 19,327,370</b>	<b>4.73%</b>
<b>Total Assessed Valuation - Real Property</b>		<b>\$ 408,929,660</b>	
		<b>December 31, 2009</b>	
<b>Name of Taxpayer</b>	<b>Nature of Business</b>	<b>Valuation</b>	<b>Percent of Total</b>
Eastwood Square Associates LTD	Retail Property Management	\$ 2,432,490	0.60%
Big Zilla Development LLC	Retail Property Management	2,423,280	0.60%
Tallmadge Oaks LTD	Apartment Complex	2,264,260	0.56%
Saxon Village Limited	Apartment Complex	2,015,290	0.50%
Heather Knoll Rental Properties LLC	Apartment Complex	1,629,370	0.40%
Myers Family Limited Partnership Limited	Light Manufacturing	1,554,990	0.38%
Colonial Gardens LLC	Nursing Home	1,536,210	0.38%
DWEK Ohio LLC	Retail Property Management	1,369,180	0.34%
Tallmadge Acres Apartments Inc.	Apartment Complex	1,260,760	0.31%
RE Ohio LTD	Retail Property Management	1,068,740	0.26%
<b>Total</b>		<b>\$ 17,554,570</b>	<b>4.33%</b>
<b>Total Assessed Valuation - Real Property</b>		<b>\$ 404,401,940</b>	

Source: Summit County, Ohio; County Fiscal Officer

**TABLE 11**

**CITY OF TALLMADGE, OHIO**

*INCOME TAX REVENUE BASE AND COLLECTIONS  
LAST TEN YEARS*

<b>Year</b>	<b>Tax Rate</b>	<b>Total Tax Collected</b>	<b>Taxes from Withholding</b>	<b>Percentage of Taxes from Withholding</b>	<b>Taxes From Net Profits</b>	<b>Percentage of Taxes from Net Profits</b>
2009	2.00%	\$ 7,108,195	\$ 5,260,829	74.01%	\$ 877,343	12.34%
2010	2.00%	7,371,493	5,590,479	75.84%	852,121	11.56%
2011	2.00%	7,812,169	5,690,592	72.84%	1,190,873	15.24%
2012	2.00%	8,299,566	6,041,802	72.80%	1,220,616	14.71%
2013	2.00%	9,190,631	6,457,114	70.26%	1,691,232	18.40%
2014	2.00%	9,493,963	6,679,215	70.35%	1,636,547	17.24%
2015	2.00%	10,527,612	7,599,180	72.18%	1,768,558	16.80%
2016	2.00%	10,973,929	7,996,704	72.87%	1,623,956	14.80%
2017	2.00%	11,178,777	8,200,825	73.36%	1,593,715	14.26%
2018	2.00%	9,993,800	7,650,696	76.55%	1,045,953	10.47%

Sources: City of Tallmadge Income Tax Department (2009)  
Regional Income Tax Agency (RITA) (2009-Present)

Note: State law prohibits disclosure of income tax information by individual taxpayer.

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	<b>Taxes from Individuals</b>	<b>Percentage of Taxes from Individuals</b>	<b>Tax from Utilities</b>	<b>Percentage of Tax from Utilities</b>
\$	916,959	12.90%	\$ 54,064	0.76%
	888,177	12.05%	40,716	0.55%
	903,595	11.57%	27,109	0.35%
	1,031,165	12.42%	5,983	0.07%
	1,037,692	11.29%	4,593	0.05%
	1,168,799	12.31%	9,402	0.10%
	1,156,523	10.99%	3,351	0.03%
	1,329,950	12.12%	23,319	0.21%
	1,381,598	12.36%	2,639	0.02%
	1,266,459	12.67%	30,692	0.31%

TABLE 12

**CITY OF TALLMADGE, OHIO**  
*RATIOS OF OUTSTANDING DEBT BY TYPE*  
*LAST TEN YEARS*

Year	Governmental Activities				Business-Type Activities		
	General Obligation Bonds	Special Assessment Bonds	Notes	Capital Leases	Special Assessment Bonds	OWDA Loans	Capital Leases
2009	\$ 7,100,000	\$ 740,000	\$ 3,800,000	\$ 231,324	\$ 445,000	\$ 912,749	\$ -
2010	10,652,705	690,000	-	132,950	316,000	1,359,638	-
2011	10,012,661	640,000	-	134,754	188,000	1,315,204	58,928
2012	9,357,617	585,000	-	213,810	135,000	1,267,148	48,078
2013	8,719,573	525,000	-	162,268	105,000	1,216,832	36,326
2014	8,066,529	465,000	-	108,056	70,000	1,164,147	23,600
2015	7,565,124	400,000	-	192,217	35,000	1,592,091	9,818
2016	6,951,648	330,000	800,000	428,474	-	1,507,731	-
2017	7,143,162	255,000	-	692,000	-	1,401,915	-
2018	6,285,719	180,000	-	975,435	-	1,291,995	-

## Sources:

- (a) See notes to the financial statements regarding the City's debt information.  
(b) See Table 17 Demographic and Economic Statistics - Last Ten Years for personal income and population.

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	<b>(a) Total Primary Government</b>	<b>(b) Total Personal Income</b>	<b>Percentage of Personal Income</b>	<b>(b) Population</b>	<b>Per Capita</b>
\$	13,229,073	\$ 475,251,310	2.78%	17,390	761
	13,151,293	479,268,673	2.74%	17,537	750
	12,349,547	483,299,542	2.56%	17,257	716
	11,606,653	500,409,247	2.32%	17,473	664
	10,764,999	483,484,060	2.23%	17,515	615
	9,897,332	492,270,592	2.01%	17,536	564
	9,794,250	486,128,872	2.01%	17,527	559
	10,017,853	491,001,456	2.04%	17,512	572
	9,492,077	528,635,328	1.80%	17,537	541
	8,733,149	567,830,523	1.54%	17,537	498

TABLE 13

## CITY OF TALLMADGE, OHIO

RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN YEARS

Year	General Obligation Bonds	(a) Estimated Actual Property Value	Percentage of Actual Taxable Value of Property	(b) Population	Per Capita
2009	\$ 7,100,000	\$ 1,174,613,409	0.60%	17,390	408
2010	10,652,705	1,175,174,976	0.91%	17,537	607
2011	10,012,661	1,178,859,428	0.85%	17,257	580
2012	9,357,617	1,063,189,803	0.88%	17,473	536
2013	8,719,573	1,062,693,128	0.82%	17,515	498
2014	8,066,529	1,074,318,186	0.75%	17,536	460
2015	7,565,124	1,067,635,328	0.71%	17,527	432
2016	6,951,648	1,071,218,860	0.65%	17,512	397
2017	7,143,162	1,078,084,587	0.66%	17,537	407
2018	6,285,719	1,175,739,673	0.53%	17,537	358

Sources:

(a) Summit County, Ohio; County Fiscal Officer

(b) See Table 17 Demographic and Economic Statistics - Last Ten Years for population.

TABLE 14

## CITY OF TALLMADGE, OHIO

SPECIAL ASSESSMENT TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS

Year	Current Billed	Delinquent Billed*	Current % Collected	Total Collected	Total % Collected	Current Delinquent
2009	\$ 292,208	\$ 27,465	91.39%	\$ 283,472	97.01%	\$ 25,167
2010	277,137	44,477	89.69%	275,412	99.38%	28,576
2011	273,936	53,176	88.13%	262,549	95.84%	32,511
2012	238,180	48,252	88.38%	228,895	96.10%	27,667
2013	230,276	93,295	92.72%	245,768	106.73%	16,757
2014	227,105	n/a	n/a	213,595	94.05%	13,510
2015	220,719	n/a	n/a	223,919	101.45%	-
2016	211,265	n/a	n/a	204,649	96.87%	6,617
2017	167,012	n/a	n/a	158,622	94.98%	2,640
2018	160,424	n/a	n/a	147,140	91.72%	13,284

Source: Summit County, Ohio; County Fiscal Officer

\* The delinquent billed amount was not available for 2014 - 2018.

TABLE 15

## CITY OF TALLMADGE, OHIO

COMPUTATION OF DIRECT AND OVERLAPPING  
GOVERNMENTAL ACTIVITIES DEBT  
DECEMBER 31, 2018

Jurisdiction	Governmental Activities Debt	Percentage Overlapping	Applicable to the City
Direct:			
City of Tallmadge	\$ 7,441,154	100.00%	\$ 7,441,154
Overlapping Debt:			
Summit County	37,290,000	3.35%	1,249,215
Portage County	12,588,412	43.00%	5,413,017
Stow/Munroe Falls City School District	3,130,520	0.01%	313
Tallmadge City School District	53,594,489	99.83%	53,503,378
Field Local School District	19,615,000	2.16%	423,684
Akron/Summit Library	10,025,000	5.10%	511,275
Total Overlapping Debt	<u>136,243,421</u>		<u>61,100,883</u>
Total Direct and Overlapping Debt	<u>\$ 143,684,575</u>		<u>\$ 68,542,037</u>

Source: Debt outstanding for overlapping government - Ohio Municipal Advisory Council (OMAC),  
as of January 1, 2018

Note: The percentage of debt outstanding applicable to the City was determined by dividing each jurisdiction's  
assessed valuation within the City by the jurisdiction's total assessed valuation.

TABLE 16

## CITY OF TALLMADGE, OHIO

COMPUTATION OF LEGAL DEBT MARGIN  
LAST TEN YEARS

Year	Debt Limit - Voted	Debt Limit - Unvoted	Net Debt Applicable to Limit	Debt Service Available Balance	Legal Debt Margin - Voted*	Legal Debt Margin - Unvoted*	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2009	\$ 42,885,116	\$ 22,463,632	\$ 7,100,000	\$ 37,899	\$ 35,823,015	\$ 22,463,632	16.56%
2010	43,082,260	22,566,898	10,652,705	50,880	32,480,435	22,566,898	24.73%
2011	43,412,426	22,739,842	10,012,661	68,361	33,468,126	22,739,842	23.06%
2012	39,165,718	20,515,376	9,357,617	47,224	29,855,325	20,515,376	23.89%
2013	39,154,617	20,509,561	8,719,573	69,696	30,504,740	20,509,561	22.27%
2014	39,595,807	20,740,661	8,066,529	76,219	31,605,497	20,740,661	20.37%
2015	39,355,828	20,614,958	7,565,124	99,839	31,890,543	20,614,958	19.22%
2016	40,982,825	21,467,194	6,951,648	87,463	34,118,640	21,467,194	16.96%
2017	39,753,773	20,823,405	7,143,162	66,332	32,676,943	20,823,405	17.97%
2018	43,303,530	22,682,801	6,285,719	24,851	37,042,662	22,682,801	14.52%

Source: Summit County, Ohio; County Fiscal Officer

Note: Ohio Bond Law sets a limit of 10.5% for voted debt and 5.5% for unvoted debt.

\* Legal debt margin includes unamortized debt.

TABLE 17

**CITY OF TALLMADGE, OHIO**  
*DEMOGRAPHIC AND ECONOMIC STATISTICS*  
*LAST TEN YEARS*

Year	Population (a)	Personal Income (c)	Per Capita Personal Income (a)	Unemployment Rates (b)		
				Summit County	Ohio	United States
2009	17,390	\$ 475,251,310	\$ 27,329	9.8%	10.2%	9.3%
2010	17,537	479,268,673	27,329	9.9%	10.1%	9.6%
2011	17,257	483,299,542	28,006	8.5%	8.9%	9.0%
2012	17,473	500,409,247	28,639	6.8%	7.2%	8.1%
2013	17,515	483,484,060	27,604	6.5%	7.0%	7.0%
2014	17,536	492,270,592	28,072	5.7%	5.6%	5.8%
2015	17,527	486,128,872	27,736	5.6%	5.4%	5.1%
2016	17,512	491,001,456	28,038	5.0%	4.9%	4.7%
2017	17,537	528,635,328	30,144	4.6%	4.7%	4.1%
2018	17,537	567,830,523	32,379	4.7%	4.6%	3.9%

## Sources:

- (a) Information obtained from the U.S. Census Bureau
- (b) Information obtained from the Ohio Department of Job and Family Services
- (c) Population times per capita personal income

TABLE 18

**CITY OF TALLMADGE, OHIO**  
*NEW HOUSING STARTS*  
*LAST TEN YEARS*

Year	New Housing Starts	
	Single Family	Condominium
2009	6	-
2010	23	-
2011	24	-
2012	12	-
2013	19	-
2014	12	-
2015	20	-
2016	50	12
2017	61	-
2018	35	-

Sources: City of Tallmadge Building Department (2009-2010, 2017)  
Summit County Department of Building Standards (2012-2016)

Note: Summit County Department of Building Standards webpage under construction 4/23/18



**TABLE 19**

**CITY OF TALLMADGE, OHIO**

*PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO*

	2018			2009		
	Employees**	Rank	Percentage of Total City Employment	Employees**	Rank	Percentage of Total City Employment
Auto Sales	*	1	*	*	1	*
Tallmadge Public Schools	276	2	3.4%	342	2	4.9%
Steere Enterprises	260	3	3.2%	190	3	2.7%
S.D. Myers Inc.	159	4	1.9%	101	7	1.4%
Speelman Electric	140	5	1.7%	-	-	-
Waltco Truck Equipment Co.	125	6	1.5%	120	5	1.7%
East End Welding	117	7	1.4%	90	9	1.3%
City of Tallmadge	100	8	1.2%	108	8	1.5%
WardJet	91	9	1.1%	-	-	-
The Martin Wheel Co., Inc.	94	10	1.1%	79	10	1.1%
Giant Eagle	-	-	-	131	4	1.9%
Owens Corning	-	-	-	82	6	1.2%
<b>Total</b>	<b>1,362</b>		<b>16.5%</b>	<b>1,243</b>		<b>17.7%</b>

Source: City of Tallmadge Economic Development Department

\* Employer would not disclose the total number of employees.

\*\* Full-time, permanent employees only.

**TABLE 20**

**CITY OF TALLMADGE, OHIO**

*MISCELLANEOUS STATISTICS  
DECEMBER 31, 2018*

Founded	1806
Incorporated as Village	1936
Incorporated as City	1951
Town Hall erected	1859
Form of government	Charter
Population	17,537
Area	7,413 Dwelling units
	13.5 Square miles
	8,915 Acres
Education:	
Elementary schools	2 K-2, 3-5
Middle school	1 6-8
High school	1 9-12
Libraries	1 (30,000 volumes)
Churches	28

Source: Various Departments of the City of Tallmadge

TABLE 21

## CITY OF TALLMADGE, OHIO

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN YEARS

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Government</b>										
Council	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Mayor	6.0	5.5	4.5	5.0	5.0	4.5	4.5	5.0	6.0	7.5
Finance	10.0	6.5	6.5	6.5	6.5	6.0	6.0	6.0	7.0	7.0
Law	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Service	3.0	2.0	3.0	3.0	3.0	3.0	3.0	3.5	4.5	3.0
Information Systems	1.0	1.0	1.0	1.0	1.5	1.5	2.0	2.0	2.0	2.0
Civil Service	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Maintenance	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Boards and Commissions	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	-
<b>Security of Persons and Property</b>										
Police	48.5	34.0	34.0	32.0	34.5	37.5	34.5	40.5	40.0	39.0
Fire	38.0	39.0	39.5	38.0	38.5	41.5	40.5	39.5	42.5	40.5
<b>Leisure Time Activities</b>										
MACA Pool	15.0	15.5	14.5	17.5	16.0	16.5	16.0	15.5	18.0	17.5
Recreation Center	65.5	61.5	62.5	63.0	62.5	65.0	64.5	60.0	70.5	50.0
<b>Community Environment</b>										
Building & Zoning	9.5	8.5	2.0	2.0	2.0	2.0	2.0	2.5	3.0	2.5
<b>Transportation</b>										
Garage	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	7.0	4.5
Street	20.0	17.0	18.0	18.0	19.0	20.0	18.5	19.0	19.0	19.5
<b>Utilities</b>										
Utilities Services	8.5	8.0	6.0	7.0	6.0	6.5	6.5	7.0	6.0	7.0
<b>Total</b>	<b>241.0</b>	<b>214.5</b>	<b>207.5</b>	<b>209.0</b>	<b>210.5</b>	<b>220.0</b>	<b>214.0</b>	<b>216.5</b>	<b>237.0</b>	<b>211.0</b>

Source: City of Tallmadge Finance Department

TABLE 22

## CITY OF TALLMADGE, OHIO

OPERATING INDICATORS BY FUNCTION  
LAST TEN YEARS

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Security of Persons and Property</b>										
<b>Police</b>										
Physical Arrests	850	819	730	671	593	582	556	795	773	966
Parking Violations	26	22	14	7	16	17	20	22	6	15
Traffic Violations	995	1,091	1,526	1,219	995	859	733	673	471	472
<b>Fire</b>										
Emergency Response Calls	2,268	2,260	2,371	2,337	2,544	2,456	2,680	2,889	2,938	3,125
Fires Extinguished	32	26	22	65	27	22	27	28	34	20
Inspections Conducted	1,024	921	822	748	753	881	658	570	788	768
<b>Transportation</b>										
Street resurfacing miles	-	3.14	1.82	6.75	5.23	5.60	6.70	3.00	3.00	2.43
<b>Leisure Time Activities</b>										
Trees Planted	-	-	2	-	-	-	-	-	-	-
<b>Recreation Center Memberships*</b>										
Annual	1,305	1,935	1,579	3,250	3,694	4,285	4,844	5,323	5,839	5,581
Monthly	2,767	2,665	2,590	2,100	1,908	1,402	1,545	1,231	1,273	1,383
<b>Swimming Pool Memberships</b>										
Adult	833	1,139	1,110	1,081	975	996	970	971	1,146	1,080
Child	433	751	740	792	709	776	823	783	853	821
<b>Water</b>										
Customers Served	7,028	7,207	7,063	7,126	7,091	7,302	7,208	7,330	7,409	7,463
New Connections	13	18	14	20	25	29	130	62	97	58
Water Main Breaks	16	21	12	13	18	14	13	28	13	24
<b>Avg. Daily Consumption (gpd)</b>										
million gallons per day	1.20	1.30	1.30	1.30	1.20	1.10	1.10	1.20	1.20	1.20
<b>Peak Daily Consumption (gpd)</b>										
million gallons per day	1.80	1.60	1.60	2.00	1.70	2.00	1.70	1.50	1.40	1.50
<b>Sewer</b>										
Customers Served	5,781	5,779	7,990	7,991	7,981	7,981	7,888	8,001	8,163	8,210
<b>Storm Water</b>										
Customers Served	5,999	5,866	5,932	5,948	6,039	6,059	6,095	6,143	6,212	6,252

\*The City began participating in the Silver Sneakers Program in 2011 resulting in a significant increase in annual membership in 2012.

Source: Various City of Tallmadge Department Records

TABLE 23

## CITY OF TALLMADGE, OHIO

CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN YEARS

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Security of Persons and Property</b>										
Police:										
Stations	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Patrol Units	23.0	21.0	19.0	21.0	19.0	21.0	20.0	20.0	20.0	20.0
Fire Stations	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
<b>Public Health and Welfare</b>										
Cemeteries	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>Leisure Time Activities</b>										
Park Acreage	161.7	161.7	161.7	161.7	161.7	161.7	161.7	161.7	161.7	161.7
Parks	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Swimming Pools	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Tennis Courts	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Baseball/Softball Fields	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Soccer Fields	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Recreation Center	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>Transportation</b>										
Streets (paved miles)	96.3	96.3	96.3	96.3	96.3	96.1	96.1	99.1	99.1	100.0
Traffic Signals	188.0	188.0	187.0	187.0	187.0	187.0	187.0	186.0	189.0	189.0
<b>Water</b>										
Water Mains (miles)	84.5	86.1	86.1	86.1	87.0	87.0	87.0	88.1	88.1	88.5
<b>Sewer</b>										
Sanitary Sewers (miles)	60.7	60.7	60.7	60.7	60.7	60.7	60.7	61.1	61.1	61.5

Source: City of Tallmadge Records

OHIO AUDITOR OF STATE  
**KEITH FABER**



**CITY OF TALLMADGE**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 18, 2019**